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In Major Shift, Kremlin Urges Federal System

By Michael Dobbs
Washington Post Service

MOSCOW — Alarmed by an upsurge of nationalist unrest, Soviet leaders called Thursday for a radical decentralization of political and economic power to protect the interests of the country's more than 100 ethnic minorities.

In a long-awaited policy statement, the ruling Politburo proposed constitutional changes that could transform relations between Moscow and the 15 Soviet republics. The document denounces decades of overcentralization and calls for the introduction of a truly federal system of government.

The Politburo statement, which covered one and a half pages in the Communist Party newspaper Pravda, will be discussed by the party's policy-making Central Committee in the next few weeks.

It provides the basis for one of the most important — and politically risky — planks in President Mikhail S. Gorbachev's renewal program, known as *perestroika*.

The Central Committee plenum on nationality issues has been repeatedly postponed because of ethnic clashes in many parts of the Soviet Union over 18 months that have left nearly 200 people dead and tens of thousands of refugees.

Relations between the country's nationalities have become so brittle and complex that it is virtually impossible for the Kremlin to satisfy one ethnic group without antagonizing another.

Publication of the document coincided with a new constitutional conflict between Moscow and the Baltic republic of Estonia over an Estonian election law. The Kremlin declared Wednesday that the law, which prevents new residents of Estonia from taking part in local elections, was unconstitutional.

The Politburo declaration could allow experiments in regional economic autonomy, so far limited to the small, Western-oriented Baltic republics, to be extended to other parts of the Soviet Union.

The document says that each republic should have the right to dispose of its own natural resources and to introduce whatever form of economic management it considers most efficient.

But the Politburo also sought to limit the "sovereignty" of the republics by calling for a "strengthening" of federal authority over areas like defense, foreign affairs, and internal security. It said that Moscow reserved the right to take decisions "necessary for ensuring the dynamic and stable development of the national economy."

If compared to the way the Soviet Union has been governed for the last 60 years, with virtually all power centralized in Moscow, the Politburo statement represents an enormous step forward.

But it is unlikely to satisfy aspirations of the more restless minorities, notably the Balts, who have reached the point of demanding what amounts to self-government.

The Politburo document attempts to tread a fine line between promising greater regional autonomy and preventing the breakup of a country regarded by many Western analysts as the world's last remaining multinational empire. The right of each republic to introduce its own legislation is restricted by guarantees of equal rights for all Soviet citizens.

"It is necessary to make a clear distinction between the growth of national self-consciousness and nationalism," the Politburo document said.

But the statement also said that republics should be given the right to object to federal legislation that infringed on their prerogatives. It proposed setting up what would amount to a constitutional court in order to adjudicate disputes between individual republics and the central authorities.

The document also proposed an upgrading of the powers of autonomous republics and regions, territorial subdivisions located in some of the 15 republics. This proposal could prove particularly controversial because it affects the status of areas that have been torn by ethnic violence, like the Nagorno-Karabakh Autonomous Region in Azerbaijan and Abkhazia, an autonomous republic in Soviet Georgia.

The strengthening of the powers of such regions could lead to a nationalist backlash in the parent republics.

Kiosk

Ethiopia Talks Set in Atlanta

ATLANTA (Reuters) — The government of Ethiopia and the Eritrean People's Liberation Front have agreed to hold peace talks in Atlanta next month aimed at ending the 25-year-old civil war in Ethiopia, former President Jimmy Carter said Thursday.

Mr. Carter agreed to act as an intermediary in the peace talks, to begin Sept. 7, after he met separately with both sides during a trip to Africa last month, a statement from Mr. Carter's office said.

Reuters

Hashemi Rafsanjani urged unity for the sake of the economy during his inaugural speech. **Page 2.**

General News

Banned anti-apartheid groups plan to defy regulations by protesting on Sunday. **Page 2.**

Weekend

Japan's Shohei Imamura looks at the dailyness of life after the bomb in his film "Black Rain." **Page 7.**

Crossword Page 8.

Dow Close	The Dollar In New York	
Down 13.66	DM	1.964
	Pound	1.561
	Yen	143.52
	FF	6.6295

Reuters

FOUR DECADES LATER, LITHUANIANS DELVE INTO HISTORY — Two women trying to identify the remains of a missing relative after gaining access to a mass grave [illegible] Lithuanian town of Kararscas. The Soviet authorities have recently begun allowing excavation of mass graves of victims of World War II and of Stalin's terror. The Lithuanian grave houses bodies of "partisans" buried in 1946 after the Baltic state was absorbed by the Soviet Union.

Poland Moves Toward Solidarity-Led Cabinet As Kiszczak Resigns

By John Tagliabue
New York Times Service

WARSAW — Poland appeared headed toward its first non-Communist government in the postwar period Thursday after the Communist prime minister resigned and President Wojciech Jaruzelski announced he would "urgently consider" a proposal for a Solidarity-led cabinet.

Mr. Jaruzelski said he would "conduct appropriate consultations aiming at the quickest possible appointment of such a government in the interest of the nation."

The Communist Party leader, Mieczyslaw Rakowski, attacked the step as an assault on Poland's Communist system.

General Jaruzelski's choice of a nominee for prime minister is expected to be announced Friday, but Solidarity officials said they had proposed a list of three possible candidates:

- Tadeusz Mazowiecki, the editor of the Solidarity weekly.
- Bronislaw Geremek, the Solidarity floor leader in Parliament.
- Jacek Kuron, a former Communist and leading Solidarity strategist.

They said the choice was expected to fall to Mr. Mazowiecki, a 62-year old lawyer and writer and close adviser to the Solidarity leader, Lech Walesa.

On Wednesday it was widely believed that Mr. Walesa would take the office of prime minister, but the 45-year old Nobel Peace laureate and Solidarity founder made it clear that he was not interested in the office, but simply in assisting the government in bringing about an end to the crisis and forming a cabinet.

Solidarity leaders said discussions were continuing on the actual shape of the cabinet, and how the ministries would be divided among the parties.

Jaroslaw Kaczynski, a senior adviser to Mr. Walesa, said that a coalition of Solidarity, the United Peasants' Party and the Democratic Party, "has been established, and also the question of reaching agreement with those who have the most power, that means with the Communists."

The Polish parliament's lower house condemns the 1968 invasion of Czechoslovakia. **Page 6.**

Mr. Kaczynski, who conducted much of the intense negotiations that led the present arrangement, said that the "form af agreement" with the Communists on their participation in the cabinet was "not yet clear, except for two ministries," Defense and Internal Affairs.

Asked whether the Communists would be satisfied with those two, he replied, "Maybe it is enough, but at this moment we cannot say how it will look. Tomorrow the issue will be clearer."

If such a cabinet takes form, it would be the first time since the early postwar years that an East European state has been governed by a non-Communist cabinet, though it is expected that Communist ministers will retain the sensitive ministries of Defense and Internal Affairs.

Poland was one of the first East European states to be forced into a Soviet style form of Communist government after the war, and it now appears that Poles, pressed by economic disaster, will be the first within the Soviet sphere of influence to take a dramatic step away from such political forms.

The cabinet, which heads the executive arm of government, is responsible for carrying out policy on a daily basis.

The Communist leader, Mr. Rakowski, who last month took over from General Jaruzelski as first secretary of the party, denounced the idea of the proposed non-Communist government and accused Solidarity of aiming at a "total takeover of power in Poland leading up to a political coup," Reuters reported.

Addressing a gathering of several hundred Communist factory managers, many of whose jobs may be jeopardized if Solidarity takes the government reins, Mr. Rakowski

See POLAND, Page 6

U.S. Trade Deficit Improves

By Stuart Auerbach
Washington Post Service

WASHINGTON — The U.S. merchandise trade deficit improved dramatically in June, falling by 19 percent to its lowest level in four and a half years, the Commerce Department reported Thursday.

The June deficit was $8.2 billion, compared with May's revised shortfall of $10.1 billion. The improvement was spurred by an increase in overseas sales by U.S. companies to a record $30.9 billion. Exports of big-ticket capital goods items such as computers, electrical machines and telecommunications equipment were especially strong.

At the same time, the value of foreign goods entering the United States dropped by $1.4 billion, to $40.5 billion, reflecting declines in imports of cars, capital goods and industrial supplies.

Even though the trade deficit fell far below market expectations of a $9.4 billion shortfall, prices on the New York Stock Exchange dropped sharply. (Page 10)

But the dollar posted strong gains, which could spell bad news for future improvements in the U.S. trade balance. A strong dollar makes U.S. products more expensive — and less competitive — in overseas markets, while foreign goods cost less at home. (Page 15)

Robert A. Mosbacher, commerce secretary, said the continued rise in overseas sales showed "increasing expertise by American exporters in sales to foreign markets."

William T. Archey, international vice president of the U.S. Chamber of Commerce, said: "This demonstrates that U.S. industry can compete effectively in the face of a stronger dollar in foreign exchange markets. U.S. companies and their customers have shown that improvements in quality, cost controls, service and other areas can offset the effects of dollar fluctuations."

Allen Sinai, chief economist of The Boston Company & Economic Advisors Inc., said that imports have "topped off" at the $30 billion to $40 billion range over the past four months after six years of steady increases — meaning "a slowdown" in the U.S. economy.

He added that relative growth between the United States and its trading partners "should have a greater impact on trade flows than fluctuations in the dollar."

Mr. Archey said that the increase in exports of capital goods, com-

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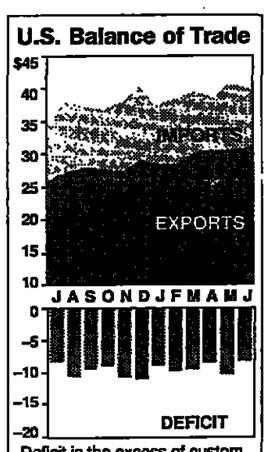


Deficit is the excess of custom valued imports over exports, on a free alongside ship basis. Amounts in billions of dollars, seasonally adjusted.
Source: Commerce Department

IHT

Soviet Media Suggest Kremlin Acceptance

Washington Post Service

MOSCOW — The official news media prepared the Soviet population Thursday for the possibility of a non-Communist government in Poland, suggesting that the Kremlin would not block the formation of a Solidarity-led administration.

The government newspaper Izvestia and the evening television news carried reports raising the possibility that a non-Communist could become the next Polish prime minister. Soviet spokesmen have repeatedly said that the formation of a Polish government was an "internal Polish affair."

The relaxed mood in Moscow this month, with President Mikhail S. Gorbachev away on vacation, contrasts dramatically with attitudes during previous political crises in the Eastern bloc.

[Lech Walesa, the leader of Poland's Solidarity opposition movement, said Thursday that he would travel to Moscow soon to discuss the Polish changes with Mr. Gorbachev, whom he praised as "one of the greatest political jugglers of our time," Reuters reported.]

In recent speeches, Mr. Gorbachev has gone a long way toward renouncing the so-called Brezhnev Doctrine of limited sovereignty, under which Moscow asserted responsibility for the fate of socialism throughout the Soviet bloc. The doctrine was used to justify the Soviet-led invasion of Czechoslovakia in 1968.

Soviet officials, including Mr. Gorbachev and Foreign Minister Eduard A. Shevardnadze, have refused to comment directly on the possibility of a non-Communist government in Poland or Hungary, the two most progressive regimes in Eastern Europe. During a visit to Paris last month, Mr. Gorbachev said, "How the Polish and Hungarian people decide to run things is their own affair."

Western diplomats and political analysts in Moscow believe that while Mr. Gorbachev can scarcely welcome the prospect of a Solidarity-led government in Poland, he may regard it as preferable to con-

See SOVIET, Page 6

The Beirut Devastation: What Does Syria Think It Can Gain?

By Alan Cowell
New York Times Service

DAMASCUS — Over the past two weeks, fighting in Beirut has spiraled to unparalleled heights of destruction and intensity, raising a pair of questions among some Westerners: why has Syria chosen this moment to turn the screws on a land it regards as part of its natural fiefdom, and what does President Hafez Assad hope to achieve?

The questions are linked to the Syrian leader's standing after setbacks in the hard diplomacy of the Middle East that have left him isolated.

"He cannot afford to fail in this," a

NEWS ANALYSIS

Western diplomat said. "After 13 years of military involvement in Lebanon, he has got to show something for it."

The Syrian president is thus embroiled in the kind of nerve-splitting gamble that observers say is his specialty, a gamble designed to crush Christian resistance to Syria's efforts to mold events in Lebanon.

On Tuesday, Syria and Iran summoned 16 of their militia allies to a war council in Damascus, committing them to a unified assault on the Christian enclave to the north of Beirut, widening the potential scale of the fighting and raising the stakes.

"There is a feeling that we are heading for something decisive," an Arab diplomat said.

Since 1976, Syria has maintained a military presence in Lebanon designed to ensure that no other player in the country's deadly games achieve a dominance that would challenge Damascus.

But since March, Major General Michel Aoun, the Christian leader in East Beirut, has offered Lebanon's most vocal and stubborn challenge to Syria's hegemony.

He moved to shut ports controlled by Muslim militias around Beirut and said he is fighting a war of national liberation to drive Syria's 40,000 soldiers out of Lebanon.

"Both Syria and Aoun have gone too far to back down," an Arab diplomat said. "Assad cannot withdraw from Lebanon — which is what Aoun is demanding — without major political risks at home. He wants a settlement on his own

See ASSAD, Page 6

In Beirut, the shelling eases slightly but the blockade remains in force. **Page 2.**

U.S.-Israeli Cordiality Masks Rift on Hostages

By Thomas L. Friedman
New York Times Service

WASHINGTON — Late on the evening of July 31, only a few hours after White House officials got their first glimpse of film purporting to show the hanging of Lieutenant Colonel William R. Higgins, the Bush administration fired off a cable to the Israeli government demanding to know what Israel was up to in Lebanon. Israeli officials, who found the tone and content of the American cable offensive, declined to respond.

The cable, which is said to have asked unusually direct questions about Israeli policy, was only one act of what has been a behind-the-scenes diplomatic drama involving Jerusalem and Washington since the latest hostage affair began.

Interviews with both Israeli and American officials indicate that, while on the surface the two sides have been maintaining a cordial relationship, behind the diplomatic facade they have been jousting, sending each other a variety of undiplomatic direct and indirect messages regarding each other's behavior in the hostage affair. This has continued up to the present.

Although no one in Washington or Jerusalem says relations are in a "crisis," there is tension and a recognition by both sides that the hostage affair is full of land mines, and that so long as it is the main focus of U.S.-Israeli relations an explosion is possible at any moment.

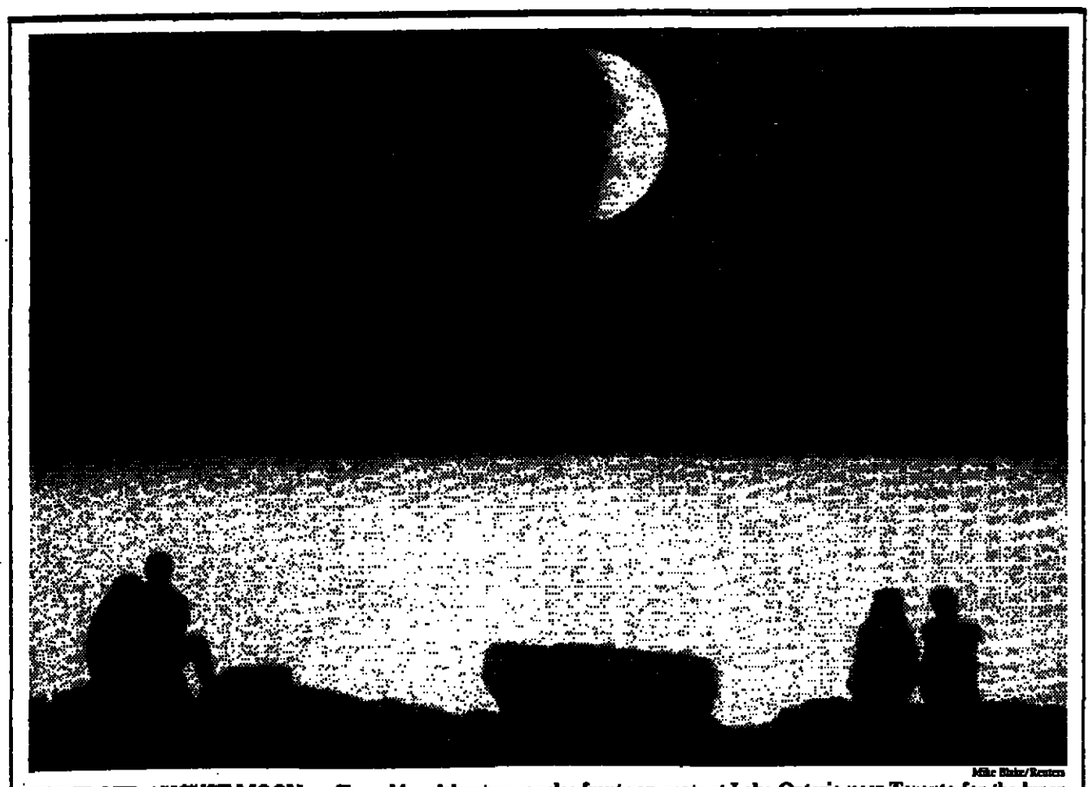
"The Israelis have not been as adept at handling this relationship as they should be," an administration official said.

"They have failed to understand our concerns and what they have to do in order to keep the relationship on track. They cannot take this relationship for granted and go on assuming that everything will come out O.K. in the future because it did in the past. The relationship needs attention."

The trouble between the two allies started the moment the White House found out about the abduction of Sheikh Abdel Karim Obeid on July 28. What upset the White House, and continues to annoy some officials, was not simply that the Israelis had failed to advise the administration that they were considering such an operation.

More important, American officials say, is that after the kidnapping took place and Colonel Higgins appeared to have been hanged, Israeli officials remained tight-lipped about their strategy in southern Lebanon and their ulti-

See JOUST, Page 6



Mike Blake/Reuters

SHINE OFF, AUGUST MOON — Clear skies giving two couples front-row seats at Lake Ontario near Toronto for the lunar eclipse Wednesday night. The Astronomical Society of Kansas City, Missouri, said the lunar show was "one of the best eclipses in 15 to 20 years" for North American viewers. The eclipse was visible in North and South America, Europe, Africa, and the Antarctic.

Glasnost, Missile-Style

Soviets Let U.S. Congressmen Tour Underground ICBM Launch Center

By Molly Moore
Washington Post Service

TEYKOVO, U.S.S.R. — Inside a concrete bunker deep beneath an isolated birch forest here, a Soviet Air Force major sits before a computerized console with a small green button that could send 200-kiloton intercontinental ballistic missiles soaring out of nearby silos toward the United States or Western Europe.

For visitors crammed between vast banks of computers in the small underground chamber, it was an unsettling scene. In a gesture of *glasnost*, a U.S. congressional delegation — men who have authorized hundreds of billions of dollars to counter Soviet nuclear forces — on Tuesday became the first foreigners ever allowed inside an operational ICBM launch control center, according to Soviet military officials.

Not far from the subterranean room, Soviet officers pulled back a massive metal lid to reveal the gleaming white nose cone of an SS-11 ICBM poised in its underground silo.

"It was spooky," said Representative Les Aspin, Democrat of Wisconsin, who chairs the House Armed Services Committee. "You're standing in that control room thinking the missile in the silo outside is pointed at Philadelphia or Detroit."

Some Soviets were almost as disbelieving.

"I couldn't imagine something like this happening even two years ago," said Sergei Rogov, an adviser to the Defense Committee of the Soviet legislature, host of the congressional tour.

For the Soviets, the openness comes amid great caution. The SS-11 is the oldest intercontinental ballistic missile in their arsenal — so old that the single-warhead missile is being systematically phased out and replaced with the newer, more lethal SS-25. And the Soviets chose to show the Americans a warhead and control center believed to be the oldest and least modernized among the 400 remaining SS-11s.

"It's a way they can show you something without damaging

See SPOOKY, Page 3

Rebuild Economy, Rafsanjani Urges Extremist Factions

By Patrick E. Tyler
Washington Post Service

CAIRO — President Hashemi Rafsanjani of Iran, making his inaugural address to a packed Parliament hall in central Tehran, warned the country's hard-line factions Thursday that they would have to drop their extremism in favor of a vigorous economic recovery program.

In a speech that analysts said was remarkably candid about the shortcomings of the Iranian revolution, Mr. Rafsanjani told members of Parliament that the country had great potential for economic growth, but that since it came to power the government had not done much to achieve it.

"We should start to work for people who left the election lines only to join bread lines to get their living needs," he said. "Our people are not that ignorant to expect everything will be fixed overnight, but we must start now."

Mr. Rafsanjani avoided any mention of the policy objectives he will pursue as president. But later in the day, Iran's news agency IRNA said he had met the visiting Pakistani foreign minister and told him that Iran remained willing to work for the release of American hostages held in Lebanon if the United States ended its "hostile stand against us."

The news agency quoted the Pakistani, Sahabzada Yaqub Khan, as saying he had been asked to solicit the assistance of Tehran's revolutionary leaders to free the Western hostages held by pro-Iranian extremists in Lebanon.

Mr. Rafsanjani gave no indication that he was ready to begin talks with the United States on improving relations.

He was quoted as asking if one could imagine a Muslim revolutionary nation talking with the United States, given the way the United States has dealt with Iranians before and after the revolution.

Referring to President George Bush, who has appealed for a new era of "good faith" between the United States and Iran, Mr. Rafsanjani said, "Mr. Bush seems to be wiser than Mr. Reagan."

Again referring to Mr. Bush, Mr. Rafsanjani said, "In his latest statement, he said he did not want to pursue a hostile policy towards Iran. How can we believe this?"

Sounding a note that reflects the domestic political constraints Mr. Rafsanjani faces, he said, "If they really are sincere, it will take a long time for them to show it in practice."

Mr. Rafsanjani was introduced by his successor as speaker of the parliament, Mehdi Karrubi, 52, who said optimism had risen with Mr. Rafsanjani's election and pledged "all kinds of cooperation" with the new president.

Ahmad Khomeini, son of the late revolutionary founder of the Islamic Republic in Iran, sounded hard-line notes after Mr. Rafsanjani's swearing in ceremony.

In remarks quoted on Tehran Radio later in the day, the younger Khomeini lashed out against the United States. "The American president says that they are ready, with conditions, to solve the hostage problem together with Iran — as if we are after meeting him and he is in a position to set conditions."

He said that although Ayatollah Ruhollah Khomeini was no longer among them, "I tell you that our officials will slap America on the mouth and drive it out of the Middle East."

Mr. Rafsanjani revealed few details of the program that he is expected to announce soon after taking office. Political sources in Tehran said his cabinet appointments could be made public as early as Sunday. In his speech, Mr. Rafsanjani said he had chosen all but two or three members of his cabinet.

Jean-Marie Hurou/Agence France-Presse

RUINS OF A MOSQUE — Imam Mohammed Mezgeuldi, center-left, talking with members of his community Thursday after their mosque was destroyed during a demolition job in Charvieu-Chavagneux, in southeastern France. The demolition team said the mosque was bulldozed by accident; it had intended to demolish another part of the disused factory in which the mosque was situated.

Muslims Refuse to Lift Beirut Blockade

By Ihsan A. Hijazi
New York Times Service

BEIRUT — Syrian gunners and their Lebanese Muslim militia allies shelled four Christian seaports Thursday, refusing to lift a blockade of areas under the control of their opponents.

The fighting continued, albeit at a lower intensity, despite the call for a cease-fire from the United Nations Security Council.

Christian forces under Major General Michel Aoun retaliated by bombarding seaside quarters in mainly Muslim West Beirut, where artillery emplacements are sited.

Several shells also crashed into the runways of the airport in the city's Muslim southern suburbs. The facility has been closed five months, since new violence erupted in Lebanon's 14-year civil war.

According to Christian radio stations, a baby girl was killed and four persons were injured in the shelling of Tabarja, Aquamarina, Jounieh and Byblos on the coastline of the Christian enclave north of the city. One man was killed on the Muslim side.

The police say nearly 740 people have been killed and many more than 3,000 have been injured since mid-March, when the bombardment began. Almost every building in the divided Lebanese capital and nearby districts shows the scars of artillery and rocket shelling.

There was also intermittent exchange of fire from tanks, rocket-propelled grenades and machine guns across the Green Line, which separates the Muslim and Christian sectors of Beirut.

The fighting was not nearly as intense as it has been the past week. The easing represented a measured response to the Security Council's appeal for an end to hostilities on land and sea, the lifting of all sieges and the opening of lines of communication.

A front of 18 Muslim and leftist militias and groups aligned with Syria and Iran said in a statement Thursday that their fighters would continue to bombard Christian seaports until a system was established to monitor the coastline for arms shipments. They said they were prepared to observe a cease-fire if a Lebanese security committee was formed to inspect for weapons.

General Aoun, who had said he accepted the Security Council's appeal with no strings attached, disclosed that he had asked ships bearing supplies and tankers carrying fuel to sail to Christian harbors. The general, who has declared a "battle of liberation" to evict 40,000 Syrian troops from Lebanon, warned that intervention with shipping would be regarded as "an act of war" to which his 15,000-strong and mainly Christian army would respond.

Ships were sighted Thursday off the Christian enclave, drawing artillery fire from the Muslim side. General Aoun apparently wanted to put the intentions of the Syrians and the Muslim militias to the test immediately after the Security Council had announced its initiative.

The general had rejected maritime inspection, saying it infringed on Lebanese sovereignty. He insisted that freighters heading for Christian sea outlets carried goods and fuel for public consumption.

A communiqué issued by the command of the army in West Beirut said ships targeted in the bombardment Thursday were loaded with weapons from Iraq.

The Iraqis, who share General Aoun's opposition to Syrian and Iranian influence in Lebanon, have thrown their weight behind Christian forces.

■ French to Send Carrier

The French government announced that it would boost its naval presence off Lebanon by sending one of its two aircraft carriers to the eastern Mediterranean, Reuters reported from Paris.

The Foch, which can carry 40 fighter planes, will join the frigate Duquesne and two support ships.

A junior minister, Alain Decaux, was sent to Beirut on Thursday to pursue France's diplomatic campaign for a solution in Lebanon. In the last few days French envoys have traveled to Moscow, Syria's traditional ally, as well as to Damascus, Cairo, Tunis, Algiers, Riyadh, Rabat and the Vatican.

'Restricted' Groups To Defy Apartheid

By William Claiborne
Washington Post Service

JOHANNESBURG — Anti-apartheid leaders escalated their defiance campaign on Thursday by announcing that on Sunday black nationalist organizations whose activities have been curtailed by emergency regulations will declare themselves "unrestricted" and hold rallies and protest meetings across the country.

The announcement was made two days after the acting president, Frederik W. de Klerk, warned that the authorities would not tolerate attempts to disrupt the campaign for the parliamentary election Sept. 6.

The threatened defiance appeared certain to trigger a new police crackdown on dissent and the re-arrest of recently-released political detainees.

About 25 persons, most of them in Cape Province, have been re-arrested in the past two days and charged with violating restriction orders that prohibit them from attending political gatherings or leaving their homes during certain hours.

Law and Order Minister Adriaan Vlok warned Wednesday that the police were poised to act against the defiance campaign, saying through a spokesman that "more arrests can be expected as police investigations are continuing."

Several black nationalist leaders appeared at a news conference Thursday at a central Johannesburg church wearing United Democratic Front T-shirts, which in itself is a violation of emergency regulations since the UDF is one of 17 political organizations that were restricted last year.

Titus Mofolo, a member of the UDF national executive board, said, "The motivation of the restrictions was based primarily on the maintenance of white rule and the oppression of the masses of the country. We thus have no hesitation in declaring our organizations free from restrictions."

The anti-apartheid activists said weekend protests would include a rally Sunday at the University of the Witwatersrand, Johannesburg, and a demonstration on Saturday at a shopping center in a white Johannesburg suburb. Sit-ins by blacks at whites-only beaches and illegal protest rallies are planned by anti-apartheid groups in Cape Province.

In Cape Town on Thursday, the police prevented a group of protesters led by Archbishop Desmond M. Tutu from walking a route that intentionally took them past a security police office building. After marching about 200 yards and being stopped by the police, the demonstrators knelt and sang hymns and then dispersed.

Soviets Apologize Over Submarine

Reuters

OSLO — The Soviet Union apologized to Norway on Thursday for an incident last week when one of its submarines became tangled in the nets of a Norwegian trawler and then disappeared beneath the waves without identifying itself.

"The Soviet Navy High Command has apologized for the incident," Ilya Ermakov, an attaché at the Soviet Embassy, said. The Norwegian Foreign Ministry confirmed it had received an official apology.

The submarine crew refused to identify itself to the fishermen in incident on Saturday in the Barents Sea. Instead, they used axes, blowtorches and sledgehammers to cut loose the entangled nets. But pictures taken by the trawler crew and examined on Wednesday by Norwegian defense officials showed that the submarine was a Soviet conventional Foxtrot-class vessel.

Zimbabwe Crash Kills 32

United Press International

HARARE, Zimbabwe — A passenger bus went out of control, slammed into a ditch and caught fire, killing 32 persons and injuring 66 others, police said Thursday. The bus was traveling to Mount Darwin in northeastern Zimbabwe when it crashed 30 kilometers (18 miles) north of Harare.

Chinese Leaders Mired in Factionalism

By Daniel Southerland.
Washington Post Service

BEIJING — Some three months after China's leaders declared martial law in Beijing and expelled the party chief, the Chinese leadership remains riven by factionalism, according to Western diplomats.

Deng Xiaoping, 84, remains the paramount leader of China, but there are signs that his grip is slipping as age, factional pressures and possibly illness take their toll.

Diplomats say that the jockeying to succeed Mr. Deng began some time ago and that the leadership is unstable, partly because there is no clear successor, or any possible successor who exerts influence comparable to Mr. Deng's.

A Chinese source said this week that the only thing holding the leadership together was the immense power of Mr. Deng and the common antipathy of the leadership toward the recently suppressed democracy movement.

As Western diplomats see it, the 16-member Politburo is now split by two incipient factions, one represented by the conservative president, Yang Shangkun, and the hard-line prime minister, Li Peng, and the other by the new party chief, Jiang Zemin, and the mayor of Tianjin, Li Ruihuan.

A Western diplomat said Thursday that after the ouster of the party chief, Zhao Ziyang, in late June, Mr. Deng tried to balance the power of Mr. Yang and Li Peng by bringing Mr. Jiang and Li Ruihuan into the six-member standing committee, which dominates the Politburo.

NEWS ANALYSIS

Because of his influence with the army, President Yang, 82, is considered a leading contender to succeed Mr. Deng. But Mr. Deng has endorsed the new party chief, Mr. Jiang, as the "core" leader.

"Deng's concern is to curtail Yang Shangkun and maintain a balance in the leadership," the Western diplomat said.

In order to consolidate his influence in the army, Mr. Yang, now executive secretary of the Communist Party Military Commission, needs to move one step higher in that commission to assume the post of first vice chairman, a position held until recently by Mr. Zhao.

Mr. Yang is supported by his younger brother, Yang Baibing, who heads the political department of the People's Liberation Army. This makes the younger Mr. Yang the army's top political commissar.

Diplomats say President Yang, in league with Li Peng, wants to maintain martial law as long as possible and expand the crackdown against student activists and dissidents into a wide-ranging purge. Others in the leadership are believed to see advantages to curbing the purge and lifting martial law, although it is difficult to see how this can be done anytime soon.

The Associated Press reported Thursday from Hong Kong that troops loyal to Yang Shangkun detained the defense minister, Qin Jiwei, and several military commanders Wednesday after a dispute over who would fill the military commission vice chairmanship.

The report could not be confirmed, and there was no sign of any unusual military activity in Beijing on Thursday night, such as might be expected to accompany any such "coup" against the defense minister.

Mr. Qin has had excellent ties both with Mr. Deng and with the purged party chief, Mr. Zhao. The veteran army officer is believed to have initially opposed orders to clamp martial law on Beijing; he disappeared from public view for at least two weeks after the announcement of the decree by Li Peng and Yang Shangkun on May 20. In early June, he reappeared on Chinese television and seemed to cooperate with the martial law authorities.

What seems certain is that the removal of Mr. Qin would ease Yang Shangkun's task as he maneuvers for power in preparation for the death or retirement of Mr. Deng.

Mr. Deng has not been seen in public for more than two months. A group of elderly Communist revolutionaries and army veterans, called back by Mr. Deng to help him suppress the democracy movement, now hold tremendous influence. The "gang of elders," as some Chinese call them, have veto power over many basic decisions.

China May Bring Charges Against Zhao

Reuters

TOKYO — A Chinese government spokesman said the former Communist Party chief, Zhao Ziyang, might face criminal charges linked to the pro-democracy movement, a Japanese newspaper reported Thursday.

The official, Yuan Mu, the Chinese cabinet spokesman, also told the Yomiuri newspaper that China intended to maintain martial law in Beijing for the time being.

Mr. Zhao, who was believed to be sympathetic to the democracy movement, has been stripped of his official posts by the Central Committee, Mr. Yuan said.

"Should Comrade Zhao be found to have participated in the recent insurgency or plotted or instigated the movement behind the scenes, he would face criminal charges," Mr. Yuan said.

Mr. Yuan, interviewed in Beijing, said Mr. Zhao had opposed imposing martial law on May 28 when the government began its crackdown.

■ Storm in Geneva

China came under increasing criticism from a United Nations human rights body in Geneva on Thursday for the suppression of the democracy movement and of ethnic Tibetans in Lhasa, news agencies reported.

Human rights campaigners as well as several official members of a UN Committee on Discrimination and Minorities castigated Beijing, some calling for strong resolutions of condemnation.

"It was very ironic that the People's Army of the People's Republic of China turned their guns and their tanks on the people," the U.S. delegate, William Treat, told the committee.

A Chinese student leader, Li Lu, 23, clarifying a statement he made earlier before a UN human rights panel, said Thursday that he had reliable information that up to 120,000 people had been arrested since the crackdown and that some of them had been executed, often secretly.

He said he had maintained close contacts with sources in China.

On Wednesday, Mr. Li became the first student leader to address a UN body, the UN Subcommission for the Prevention of Discrimination, on the June events. His appeal to the international community to condemn China's human rights policies prompted the official Chinese observer to walk out in protest.

Meanwhile, the human rights body Pax Christi said killings in Tibet were "equally brutal" to those in Beijing, and the Chinese were threatening the survival of the Tibetan culture.

A representative of the Dalai Lama, the Tibetan spiritual leader, had earlier charged that more than 800 ethnic Tibetans had been killed and over 5,000 imprisoned during clashes in the Tibetan capital of Lhasa in March.

China Plans to Leave The Fulbright Program

New York Times Service

WASHINGTON — The Chinese government has told the United States that it will no longer take part in the Fulbright academic exchange program, a spokesman for the U.S. Information Agency announced.

Under the 43-year-old program, 24 American scholars work in China each year and 24 Chinese scholars work at American universities. Besides the Fulbright, many colleges and universities across the United States have exchange programs with China.

Japanese Relax Restrictions on Business Travel to China

TOKYO — In a step that could lead to re-establishing normal relations with Beijing, Japan on Thursday dropped its recommendation to businessmen not to travel in China and said it was ready to lift a freeze on current economic aid projects imposed after China's crackdown on dissidents last June.

Future aid projects for China, including the $6 billion program announced last year, remain suspended, officials said. The government was adopting a "wait-and-see attitude."

Japan is China's largest aid donor, and is now at the end of a $3.3 billion aid program, although most of these projects were not completed when they were frozen in June.

The action Thursday was the boldest step by the Japanese government in its campaign to persuade other nations not to "isolate" China from the rest of the world because of displeasure over Beijing's domestic policies.

Japan's policy towards China was discussed at the summit conference of leaders of the major industrial democracies in Paris in July. Most leaders of the Western democracies were said to agree with President George Bush that it was premature to resume economic assistance and normal ties.

32 Die on Bus in Zimbabwe

Reuters

HARARE, Zimbabwe — Thirty-two passengers were killed and 66 injured when an overloaded bus hit a tree 30 kilometers (20 miles) north of Harare.

WORLD BRIEFS

24 Indian Troops Killed in Sri Lanka

COLOMBO (NYT) — Tamil extremists ambushed and killed 24 Indian soldiers on Thursday outside a hospital in northern Sri Lanka.

A spokesman here for the Indian government said, "The Tamil troops opened fire with rocket-propelled grenades, rocket launchers and machine guns on the post from the hospital while the Indian troops were hampered by the knowledge that there were patients and staff inside and used only small arms in response."

The spokesman said that several groups of the Liberation Tigers of Tamil Eelam slipped into the hospital and buildings around the post under cover of darkness in a thickly populated area of Mannar, 120 miles (195 kilometers) north of Colombo.

EC Bans Ivory Imports From Africa

BRUSSELS (Reuters) — The 12-nation European Community has formally banned imports of African ivory to help protect Africa's dwindling elephant population.

The ban means piano makers will have to finish keyboards with plastic in the future, but they will be allowed to use up their stocks of polished ivory first, EC officials said. Ivory tourist trinkets would also be banned, although ivory antiques, tusks from elephants killed in authorized culls, and travelers' personal effects such as letter openers and shoehorns would not be affected.

The EC estimates that Africa's elephant population has fallen by half in 10 years to around 625,000. The EC ban is likely to anger southern African countries such as Zimbabwe and Botswana, who oppose an end to the trade as their elephant populations are stable or even increasing.

Israel Toughens Gaza Exit Policy

EREZ CHECKPOINT, Israeli-Occupied Gaza Strip (Reuters) — Israeli troops turned back several-hundred Gaza Palestinians seeking to enter Israel on Thursday, the last day that they can leave the strip without special permits.

Israel says it has issued nearly 60,000 permits, but the Palestinian nationalists say they have confiscated 80 percent of them. About 110,000 Gazans commute to Israel to work.

Leaders of the Palestinian uprising in the occupied territories have ordered West Bank laborers to strike for a week to back the Gazans. Leaflets and wall slogans in Gaza call for Arabs to stay away indefinitely from their Israeli jobs.

U.S. Urges Early AZT Use in AIDS

WASHINGTON (WP) — U.S. health officials said Thursday that all persons who have tested positive to the AIDS virus should immediately start taking the drug AZT. They said tests show that it can significantly delay the appearance of the earliest symptoms of AIDS.

The decision, which follows a similar move two weeks ago in which the same officials recommended AZT for those who are infected and who also have one early symptom, affects an estimated 1.5 million Americans who are believed to be infected with the human immunodeficiency virus, HIV, but who are still healthy.

The move puts enormous new pressure on programs to encourage members of AIDS risk groups to seek HIV testing and it poses massive financial problems because AZT is so expensive — $8,000 per person per year. If all who are HIV-positive are treated with AZT at this price, it will cost $12 billion.

Colombia's Judges Resign En Masse

BOGOTA — Colombian judges said on Thursday that they would resign en masse after the assassination of a colleague who had ordered the arrest of a reputed leader of the Medellín drug-smuggling cartel.

Antonio Suarez Niño, president of the national judges' association, said the group decided that all the country's 4,379 judges should resign in protest over the lack of sufficient government protection. By Thursday afternoon, 50 of the 55 appeals court judges in Bogotá had handed in their resignations, a Justice Ministry spokesman said.

More than 50 judges have been killed in Colombia over the last decade. The latest victim, Carlos Ernesto Valencia, an appeals court judge, was shot on Wednesday, hours after upholding an arrest warrant for the reputed Medellín leader, Pablo Escobar. Judge Valencia upheld an arrest warrant for Mr. Escobar on charges of organizing the December 1986 killing of a newspaper publisher, Guillermo Cano.

50,000 Commemorate Zia's Death

ISLAMABAD, Pakistan (NYT) — In the face of the most elaborate security precautions since Prime Minister Benazir Bhutto took office nine months ago, about 50,000 people gathered Thursday to observe the first anniversary of death of General Mohammed Zia ul-Haq.

To the relief of the Bhutto government, which had foreseen the potential for major disturbances, the gathering at General Zia's graveside at the Faisal Mosque took place without serious incident. General Zia, the U.S. ambassador and the American military attaché here were among those killed last year in a plane crash or explosion, still not explained.

The government permitted opposition politicians to go ahead with the gathering on Thursday but attempted to restrict them to observances of a religious nature.

TRAVEL UPDATE

Milestone: London-Sydney Nonstop

SYDNEY (AP) — A new model jumbo jet made aviation history Thursday by becoming the first commercial airliner to fly from London to Sydney without stopping.

The Qantas Airways Boeing 747-400 made the 11,000-mile (17,600-kilometer) journey in 20 hours and nine minutes, also setting a speed record, officials said.

Hundreds of people gathered at Sydney's Kingsford-Smith Airport, which is named for Sir Charles Kingsford-Smith, the Australian aviator who pioneered the route in 1929. Qantas officials said the arrival of the jet could be a forerunner of regular nonstop passenger services between Australia and Britain.

Flight attendants of Sabena, the Belgian national airline, have threatened a four-day work slowdown next week that could cause flight delays of up to two hours, officials said Thursday. *(AP)*

A tropical storm warning was issued for islands in the eastern Caribbean on Thursday while a depression moved westward from the Atlantic, forecasters reported. *(AP)*

All DC-10 engines are likely to get more frequent and more thorough inspections as a result of the Sioux City, Iowa, crash that killed 111 people July 19. ABC TV reported that the National Transportation Safety Board was "fairly certain" to make the recommendation. *(AP)*

British Airways cabin crews on short-haul flights plan to walk off their jobs Friday in support of a flight attendant who was dismissed for allegedly pilfering from a bar cart but who unions said was innocent. The airline hopes to operate all flights Friday normally with the help of crew managers who usually supervise from the ground. *(AP)*

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Algarve	24	75	19	66	fr
Amsterdam	22	72	14	57	cl
Athens	34	93	24	75	fr
Barcelona	30	86	22	73	fr
Belgrade	33	91	20	68	fr
Berlin	24	79	20	68	fr
Brussels	24	75	15	59	fr
Budapest	32	90	21	70	sh
Copenhagen	23	73	15	59	cl
Costa Del Sol	28	82	22	72	cl
Dublin	18	64	10	50	sh
Edinburgh	16	61	10	50	sh
Florence	34	93	22	72	fr
Frankfurt	23	73	17	63	cl
Geneva	27	81	18	64	cl
Helsinki	21	70	9	48	fr
Las Palmas	31	88	24	75	fr
Lisbon	27	81	18	64	fr
London	26	79	13	55	cl
Luxembourg	21	70	16	61	sh
Madrid	33	91	15	59	cl
Milan	31	88	21	70	cl
Moscow	27	81	13	55	fr
Munich	21	70	14	61	sh
Nice	30	86	22	72	fr
Oslo	19	66	14	57	cl
Paris	24	75	15	59	cl
Prague	29	77	18	64	cl
Reykjavik	11	52	5	46	fr
Rome	31	88	22	72	fr
Stockholm	18	64	16	61	r
Strasbourg	26	79	17	63	cl
Venice	31	88	21	70	cl
Vienna	29	84	21	70	cl
Warsaw	34	93	16	61	fr
Zurich	23	73	17	63	sh
MIDDLE EAST					
Ankara	28	82	13	55	fr
Cairo	36	97	24	75	fr
Istanbul	31	88	22	72	cl
Jerusalem	28	82	17	63	fr
Tel Aviv	31	88	22	72	fr
OCEANIA					
Auckland	—	—	—	—	no
Sydney	13	55	8	46	sh

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	34	93	25	77	fr
Beijing	28	82	17	63	cl
Hong Kong	32	90	26	79	sh
Manila	31	88	25	77	sh
New Delhi	35	95	26	79	fr
Seoul	28	82	21	70	sh
Shanghai	28	82	22	72	cl
Singapore	30	86	24	75	sh
Taipei	30	86	24	75	cl
Tokyo	31	88	24	75	cl
AFRICA					
Algiers	—	—	23	73	cl
Cape Town	16	61	7	34	fr
Casablanca	26	79	22	72	fr
Harare	—	—	12	54	r
Lagos	—	—	24	75	r
Nairobi	—	—	12	54	r
Tunis	37	99	23	77	s
LATIN AMERICA					
Buenos Aires	—	—	7	45	s
Lima	—	—	18	64	s
Mexico City	26	79	13	57	sh
Rio de Janeiro	—	—	19	66	sh
NORTH AMERICA					
Anchorage	21	70	11	52	sh
Atlanta	30	86	20	68	sh
Boston	27	81	17	63	sh
Chicago	29	84	19	66	sh
Denver	32	90	19	66	sh
Detroit	26	79	14	57	sh
Honolulu	32	90	23	73	fr
Houston	32	90	23	73	sh
Los Angeles	27	81	19	66	cl
Miami	32	90	25	77	sh
Minneapolis	27	81	17	63	sh
Montreal	23	73	10	50	fr
Nassau	32	90	26	79	sh
New York	28	82	21	70	sh
Phoenix	42	108	28	82	fr
San Francisco	23	73	12	54	fr
Seattle	23	73	13	55	fr
Toronto	28	82	17	63	sh
Washington	29	84	21	70	sh

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

FRIDAY'S FORECAST — CHANNEL: Slight. **FRANKFURT:** Partly cloudy. Temp. 23—13 (73—57). **LONDON:** Partly cloudy. Temp. 23—11 (73—52). **MADRID:** Partly cloudy and Stormy. Temp. 35—17 (95—63). **NEW YORK:** Partly cloudy. Temps. 28—20 (82—68). **PARIS:** Fair. Temp. 23—10 (73—50). **ROME:** Partly cloudy. Temp. 30—22 (86—72). **TEL AVIV:** Not Available. **ZURICH:** Partly cloudy. Temp. 25—14 (77—57). **BANGKOK:** Scattered showers. Temp. 33—25 (91—77). **HONG KONG:** Showers. Temp. 33—27 (91—81). **MANILA:** Occasional rain. Temp. 31—24 (88—75). **SEOUL:** Occasional rain. Temps. 28—26 (79—68). **SINGAPORE:** Cloudy. Temp. 27—24 (81—79). **TOKYO:** Cloudy and occasional rain. Temps. 30—24 (86—75).

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U.S. Fears Betrayal By Agent

Top Aide Accused By Drug Agency

By Michael Isikoff
Washington Post Service

WASHINGTON — The Drug Enforcement Administration is investigating whether a highly decorated official arrested this week on drug-trafficking charges tipped off a major East Coast cocaine ring about agency operations while he served in a sensitive post in the agency's Office of International Programs, agency sources said Wednesday.

The arrest of the official, Edward K. O'Brien, at Logan International Airport in Boston on Monday has, for the first time, raised the prospect that Drug Enforcement Administration headquarters may have been penetrated by traffickers.

Mr. O'Brien, 44, is the fourth agent arrested on drug-related charges this year.

Mr. O'Brien and his brother John O'Brien, 39, who allegedly served as a messenger in the cocaine ring, were denied bail at a preliminary court hearing in Boston on Tuesday and are in the custody of U.S. marshals awaiting arraignment.

"It's a horrible thing for us," said David Westrate, assistant administrator in charge of the Operations Division, where Mr. O'Brien was assigned.

Mr. Westrate said the agency was continuing to investigate Mr. O'Brien's activities, in part to determine whether he had compromised any investigations.

Since May of last year, Mr. O'Brien — who worked on the "French Connection" case of the 1970s — has been assigned as a staff coordinator within the International Programs Office overseeing operations in Europe and the Middle East.

Although much of the work is administrative, Mr. O'Brien had access to information about major investigative activities abroad and domestically, the sources said.

Mr. O'Brien had been transferred to Drug Enforcement Administration headquarters from Springfield, Massachusetts, where he was agent in charge of the local Drug Enforcement Administration office.

About six months after his arrival in Washington, the Drug Enforcement Administration received allegations of "administrative wrongdoing" in the Springfield office.

They touched off an audit by the Office of Professional Responsibility that led to a full-scale investigation of Mr. O'Brien, said Kathi Sullivan, an agency spokeswoman.

During the course of the investigation, allegations surfaced that linked Mr. O'Brien to a Miami-to-Boston cocaine distribution ring, the sources said. The ring, which was not further identified, remains the target of an independent investigation, the sources said.

For Japanese-Americans Interned in War, Apologies but No Cash

By Seth Mydans
New York Times Service

LOS ANGELES — For more than 40 years, Kinuyo Hokoda has waited — waited for the humiliation of her years in a California detention camp to fade, for some acknowledgment that her adopted country was wrong to confine 112,000 Japanese-Americans in World War II.

On Wednesday, a year after President Ronald Reagan apologized and Congress voted to pay $20,000 to each former detainee to compensate for lost freedom, jobs, belongings and land, Mrs. Hokoda was still waiting.

No one has been paid. The promised funds, victims of a tight federal budget, have yet to be appropriated, and the $20 million being proposed falls short of the $1.25 billion needed.

"We trust America, but we doubt," Mrs. Hokoda said. "We expect the American government to give to us, but too long over the years now. We doubt. We doubt. We are not sure now."

Each month, the Justice Department's Office of Redress Administration in Washington said, more than 200 of the survivors of the camps are dying unrecompensed.

"Yes, a lot of people died," said Mrs. Hokoda, who is 87 and whose husband, Masaru G. Hokoda, a former gardener in Hollywood, is 90. "They all experienced the cruel time, the war time. They tried to forget that miserable time, tried to forget. But lately they have been reminded again.

"Forty years ago we had a struggle, yes, but we managed it because my husband is a hard-working man. We had a bitter experience, but we are still loyal to the United States, that is sure."

Under the Civil Liberties Act of 1988, Congress pledged restitution to the 60,000 Americans of Japanese descent who were incarcerated in the war in "relocation camp" and were still alive when the bill was passed.

The bulk of those interned were held from 1942 — soon after Pearl Harbor — through early 1946, several months after World War II had ended. There were kept in guarded camps surrounded by barbed wire in the deserts of the West.

The payments are to go to the survivors of any internees who die after the passage of the legislation.

The number who die before they are paid could be large.

President George Bush has asked Congress for only $20 million in this year's budget, enough to pay just 1,000 of the former detainees. Congress has not yet acted.

The funds, when appropriated, would be paid first to the oldest of the internees.

Representative Robert T. Matsui, Democrat of California, who was also interned, said that under this structure the proposed sum would be enough to pay only those older than 87.

"We don't quite understand that," Mrs. Hokoda said. "President Reagan promised, but the government does not do it."

Mr. and Mrs. Hokoda are among more than 250 former detainees who make up the majority of the residents of the Japanese Retirement Home and its related buildings in central Los Angeles, near Little Tokyo, the city's traditional Japanese quarter.

The home's administrator, Edwin Hiroto, who was detained at the age of 15 with his parents, said he perceived the roundups of Japanese-Americans as a symptom of wartime hysteria that brought out a shameful side of American society.

He said he was seeing it again in the delay of payments, "a repetition of the same kind of treatment that was accorded to my parents as they tried to be good citizens."

"I guess any group because of race can be picked out, for whatever reason, to be treated as different from the rest of citizens," he said.

People like his parents, and like many of the older residents of the retirement home, he said, reacted passively to their detention. "If you're accustomed to being not quite 100 percent accepted in the first place, it sort of becomes normal," he said.

Mr. Hiroto said he observed a similar passivity now among the old people at the home as they wait for their payments, a sense of "*shikata ga nai*," a stoic acceptance of one's fate, an understanding that there is nothing to be done.

"It's kind of late, but I'm waiting patiently," said Midori Shimozo, 72, who retired four years ago from her work at a florist shop.

"My mother passed away last March, so she died without getting anything," Mrs. Shimozo said. "That's something you can't help. But she did feel badly. She thought we were mistreated. She had nothing to do with the war."

In the camps, surrounded by barbed wire, Mr. Hiroto said, many internees were "traumatized by that idea that we were really so different."

And yet, like others at the retirement home, he said he felt "totally American," even to the point of sharing a national resentment at Japan's current economic aggressiveness.

Representative Norman Y. Mineta, Democrat of California, who was also interned, said, "In 1942 the government put this cloak of disloyalty on the backs of Americans of Japanese ancestry, yet they collectively said, 'Look, in the long run we're going to prove that we are good citizens.'

But he said that it seemed to him that the government was "breaking faith with the internees in terms of the payments.

Mr. Hokoda smiled as he rose stiffly from his chair and headed for his room.

"Getting old," he said. His wife, bent over her cane, slipped her arm quietly through his and shuffled back with him.

Vincent Yu/The Associated Press

Some of the 121 Vietnam refugees waving farewell as they leave Hong Kong on a flight to Hanoi.

Group of 121 Refugees Flown Back to Vietnam

By Daniela Deane
International Herald Tribune

HONG KONG — A group of 121 Vietnamese refugees voluntarily left Hong Kong for Hanoi on Thursday, the largest group to leave the colony under a United Nations-sponsored repatriation program.

The refugees, carrying radios, tape decks and bags full of consumer goods bought in Hong Kong, smiled and waved as they boarded a chartered flight to Hanoi.

Under the voluntary repatriation program, sponsored by the UN High Commissioner for Refugees, Hanoi has guaranteed that the refugees will not be persecuted for fleeing the country. But so far, only 264 of the 54,000 refugees in the camps and detention centers of Hong Kong have been repatriated under the program.

Robert Van Leeuwen, head of the UN refugee mission in Hong Kong, said 600 to 700 other refugees had applied for repatriation.

The Vietnamese in Hong Kong are facing a host of problems — deteriorating living conditions, increasing animosity from local residents and the British colonial government's desire to send them home forcibly.

Besides permanent camps and overflowing detention centers, the refugees are being kept on dilapidated ferries, on a runway at an air force base, in a disused factory and on an uninhabited group of islands with no facilities on the edge of Hong Kong harbor.

A group of experts from the headquarters in Geneva of the UN High Commissioner for Refugees found many of the Vietnamese children living on the ferries and on the deserted Soko Islands on the edge of malnutrition. A preliminary UN report said the situation could become "life threatening" if there was an outbreak of disease.

Some 4,500 refugees on the islands are subsisting on rations of baked beans, crackers and canned fish, government officials say.

"The only alternative is pushing them away," said Mike Hanson, the government's refugee coordinator. He said that some 20,000 refugees arrived in the colony during May and June, the most favorable months of the year for making the sea journey from Vietnam.

Karen Thomas, a nurse working with the refugees on the Soko Islands, said the worst problem was erratic water supplies. She said days went by with no water delivered. Temperatures in Hong Kong have been hovering around 100 degrees Fahrenheit (38 centigrade) every day.

Besides the worsening living conditions, police have been called in on several occasions to quell fighting between rival gangs in the camps. Twenty-one people were injured, six hospitalized, last week after a clash at the Whitehead detention center, where more than 10,000 boat people are being held.

Amnesty International, the human rights group, has appealed for an independent inquiry into police action at the camps, saying it had received reliable and accurate information on the ill-treatment of refugees.

Vigilante groups formed by residents around the Sek Kong camp also clashed recently with refugees, injuring two men. Angry residents are demanding that the government keep the refugees inside the camps.

The government's refugee coordinator said talks were continuing with the Vietnamese government on the forced repatriation of the refugees, a plan favored by the British government. "We are making progress," Mr. Hanson said.

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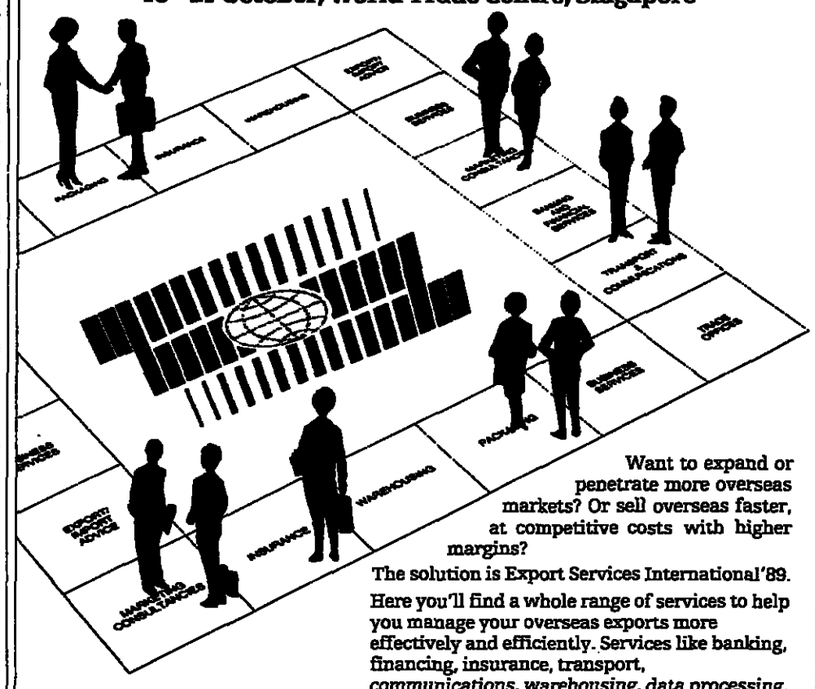

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Navy Says Basic Design Flaw Caused Trident-2 Test Failures

By Andrew Rosenthal
New York Times Service

WASHINGTON — The U.S. Navy believes designers made a fundamental miscalculation in building its biggest nuclear missile, the Trident-2, which has failed in two of its three undersea tests, a navy official said.

The first missile exploded on March 21, four seconds after it was aunched from a submarine off the east coast of Florida. The second est, on Aug. 2, went largely according to plan, but the third missile self-destructed on Tuesday.

Rear Admiral Kenneth C. Malley, head of the navy's ballistic missile program, said Wednesday that despite computer simulations, engineers seriously underestimated he extent of the pressure on the Trident-2 as it hurtles up through he water from its submarine auncher. He said they had also ailed to anticipate the effect of "water jets" caused by the missile's novement.

The Trident-2, designed to carry s many as eight large nuclear warheads, is scheduled for deployment aboard a new generation of submarines in the 1990s. It is supposed to be the centerpiece of the sea-based leg of the American nuclear arsenal until the year 2032.

Until the test failures, the Trident-2 was the one element of the Defense Department's nuclear modernization program that was moving along smoothly, having successfully completed 16 of 19 test firings from land. The testing program is now far behind schedule.

The two other elements, the Stealth bomber and a mobile land-based missile, have run into technical snags and heavy opposition.

The Trident-2, which is 44 feet (almost 7 meters) long and weighs 130,000 pounds (59,000 kilograms), is much longer and nearly twice as heavy as the Trident-1. Although engineers expected the larger missile to create more turbulence than the Trident-1 as it passed through the water, they miscalculated how much more and what effect that would have on the Trident-2's rocket engines.

As a result of the miscalculation, Admiral Malley said in an interview, the original nozzles on the missile's first-stage rocket were not strong enough to withstand the additional turbulence.

The navy must now go back to the laboratories to determine why the rebuilt nozzles failed Tuesday.

Admiral Malley said he was confident that his Strategic Systems Program Office, widely rated as one of the most successful nuclear weapons operations in the Pentagon, would be able to fix the missile in time for deployment by the current target date of March 31.

Because there are so many navy officials and subcontractors involved in the Trident-2 program, it is impossible to assess when or by whom the miscalculations were made.

SPOOKY: *Inside a Soviet Bunker*

(Continued from page 1)

ational security," said Mr. Aspin, who is leading committee members, staff, advisers and journalists n an 11-day tour of Soviet military nd space installations. When Admiral William J. Crowe, chairman f the Joint Chiefs of Staff, visited he Soviet Union this year, he was hown only an SS-11 training facility rather than an operational base.

The Soviets were concerned nough about national security hat they refused to answer most ubstantive questions posed by the merican visitors.

Asked the missile's target, the nswer was: "Every missile has its rget." A question about the numer of missiles at the site that are on ert drew this reply: "All the missiles that are on alert are on alert."

Before descending 15 steps into e bunker leading to the launch ntrol center, the Americans were dered not to speak to the officers side. Almost half the wall space the small room was covered by ng pink curtains. A drawing of min stared down from one wall.

Soviet officers refused to say how many silos were controlled from the launch center, but a map on an outdoor logistics map showed 10 squares scattered along a nearby railroad.

The Soviet SS-11, which became operational in the mid-1960s, is equivalent to the U.S. Minuteman-1, which has been upgraded and now is called the Minuteman-3.

Like U.S. missile sites, the Soviet facility is located in a remote area of bucolic scenes that belie the arsenal buried nearby. Just a few kilometers from the missile facility, located about 390 kilometers (240 miles) northeast of Moscow, young boys tend flocks of sheep in rolling pastures and elderly men drive horse-drawn wagons through rural hamlets.

The launch control center is far less protected that its U.S. counterparts. The Soviet facility is about six meters (20 feet) below the earth's surface, down a flight of steps and through a short tunnel. U.S. centers are several stories below ground and are reached by elevator.

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OPINION

Movement in Poland

Polish politics is changing with a speed which to even the most optimistic of Polish reformers would have seemed inconceivable four months ago. The country's prime minister acknowledges that he cannot form a government — an unprecedented failure in the 42 years of Communist rule. Now Solidarity has put forward its leader, Lech Walesa, as a candidate for prime minister, and it seems that he has the votes. Suddenly confronting choices and possibilities that they thought were years away, all of the country's politicians are working with frantic energy to avert deadlock and breakdown.

Welcome to democracy. It has always been a difficult and notoriously unpredictable way to run a country. But the immediate question is whether the Poles are going to be allowed to sort it out among themselves. There is always the looming possibility of Soviet intervention. The Soviets have said that Poland's future was up to the Poles. But no one, perhaps not Mikhail Gorbachev himself, knows whether there are limits to that toleration.

Last April the roundtable agreement seemed to establish a firm deal between the Polish government and Solidarity. Solidarity was to get genuine representation, but the government would continue to be run by the Communist Party. Since then, two huge surprises have exploded that agreement. The first was the election itself, a triumph for Solidarity and a scathing repudiation of the Communists on a scale that no one had foreseen. The second has been the reaction of the smaller parties, the United Peasants and the Democrats. The arithmetic of the April deal took for granted that these small parties would obediently continue to support their Communist masters, as they have reliably done for 42 years. But the election returns and the overtures from Solidarity have had an electrifying effect on them. And their votes in parliament, added to Solidarity's, would make a comfortable majority.

The Communists have been struggling desperately to retain power. Their first proposal was a grand coalition of all parties led by themselves. But Solidarity refuses to serve under them and is now organizing a coalition of its own that could include Communist reformers. In an attempt to reassure the Soviets, Mr. Walesa suggests that the ministries of defense and the interior, meaning the police and the army, remain in the hands of Communists.

The great necessity now is not merely to find another political formula. It is to find a way to govern an angry people trapped in a failing economy, living in the shadow of an uncertain oppressor and torn between old fears and new hope.

— THE WASHINGTON POST.

Egypt Steps Forward

To contemplate the prospects for an Israeli-Palestinian peace is to sink into sadness. Every avenue to negotiations seems too complicated or too risky. No approach pans out.

In April, Prime Minister Yitzhak Shamir sketched out a plan with a measure of plausibility. The idea was to hold elections in the West Bank and the Gaza Strip to establish limited Palestinian self-rule. Like almost all past plans, it has foundered on endless killings and political intransigence.

Now, however, Egypt has stepped forward with a proposal that could bridge differences between Israel and the Palestine Liberation Organization. It is a sensible and fair initiative, swathed in the kind of diplomatic smoke needed to provide political cover. The plan also has the backing of Bush administration officials.

The next move falls to Mr. Shamir. His credibility is on the line. The election idea is his, yet he apparently stood by last month while Likud's right wing disabled it with harsh conditions. He could restore some faith in his seriousness about talks by now embracing the Egyptian initiative.

The Shamir plan is very general. In the first stage, Palestinians in the occupied territories would step forward and bargain with Israel over the terms for holding elections. Those elected would then negotiate with Israel a form of qualified autonomy in the territories. After an interim period, this Palestinian entity and Israel would work out "a permanent agreement."

There is no role in this process for the PLO, and that organization refuses any arrangement that does not guarantee it some form of direct participation. Nor will the PLO start a bargaining process without a prior commitment to Palestinian statehood, something that Israel flatly opposes.

The 10-point Egyptian plan sidesteps these obstacles. It does not give the PLO any direct involvement, which would cause Israel to choke, but everyone understands that no Palestinian will step forward without PLO blessing. And the plan calls for complete freedom of expression for candidates, international monitoring of the voting, withdrawal of Israeli troops during the balloting and a degree of immunity from prosecution for those elected. Thus PLO rights and interests are preserved, even if not explicitly.

Again to meet Israel's concerns, the plan says nothing about a Palestinian state. But it requires Israel to begin talks on a final settlement by a date certain, and asks it to accept the principle of trading land for peace. Thus the PLO could argue that its goal of nationhood remains ultimately achievable.

Despite the adroitness of the Egyptian plan, the background noise is not encouraging. The main PLO faction, el Fatah, issued a statement last week calling on the faithful "to intensify and escalate armed action and all forms of struggle" against Israel. That sounded very much like advocating terrorism, which the PLO has so recently renounced. After the Bush administration challenged the statement, the main radio voice of the PLO in Baghdad backed off somewhat. The State Department has been pressing the PLO to let Palestinians in the occupied territories get on with the negotiation process, but to no avail.

None of this need prevent Mr. Shamir from accepting the Egyptian plan in principle. If he does and the PLO says no, the blame will rightly fall on Yasser Arafat, its chairman. If he does and the PLO agrees, his own election idea can be given life.

— THE NEW YORK TIMES.

Somewhat Cleaner Air

President George Bush's announcement in June that he would end eight years of stalemate by sending up a clean air bill, and his general description of its terms, were warmly if warily greeted by both environmentalists and Democrats. Then the bill itself was submitted five weeks later, and was sharply denounced by the same groups as a retreat from the president's promises. The implication was that the president had — once again, the Democrats would say — engaged in the game of bait-and-switch whereby he embraces popular goals while failing to provide the means.

Much of the difference between the June promise and the July fine print is overblown and exists in a fairly narrow band. The president continues to benefit on issues like this from the fact that he is not Ronald Reagan: small concessions win him large amounts of gratitude. His was never going to be more than a fairly conventional and middle-of-the-road program to combat pollution. That is what the details confirmed. But the proposals of the Democrats and most of the environmentalists are also conventional and palliative. Neither party is what you would call enthusiastic, for example, about limiting either economic expansion or the use of the automobile. So what you have, now that the president has rejoined the issue, is the usual tactical maneuvering for relatively minor legislative and political advantage.

The president has let an enforcement deadline slip here, turned a ceiling into a much softer average there, watered down a definition by saying there should be some recognition of costs, watered down another by saying it meant less of a pollutant than would otherwise occur by the year 2000, not less than is emitted now. But in broad outline what the president proposed is not that much different from what the Democrats have also proposed, and provides the basis for what Congress is likely to produce next year.

On the basic problem of urban pollution, the federal government will give some help by tinkering, through regulation, with the chemistry of gasoline and the technology of new cars, but the main political burden — Do you then cut driving? Limit growth? — will continue to fall on the states and the most polluted cities. Under the president's proposal, it is they that would have to put plans in place to reduce the main pollutants by 3 percent a year. And if they didn't achieve the reductions, as under current law they haven't? There aren't any real penalties. How do you put Los Angeles in jail?

As to so-called toxic air pollutants, mainly hazardous industrial emissions, the president would in a first set of cases require installation of "maximum available control technology," but "maximum available" has been defined to include consideration of the cost. After that the effort would be to avoid "unreasonable risk," but the environmentalists note, and object, that that has been redefined to take cost into account as well. Will the Democrats say damn the cost?

Finally acid rain, to combat which the president would limit power plant emissions (not enough nor as much as first suggested, the environmental groups point out) but mainly leave to the utilities (which could buy and sell pollution rights) how best to get beneath the limits. Much too ill-defined, the critics say of this, and they may make it more prescriptive. But Congress's record on these issues is not so heroic, either; it is just as likely to weaken some of the administration's proposals as to strengthen them.

A bill is going to pass which, at substantial cost, will help reduce all three forms of pollution but eliminate none. Both parties will, with justice, take some credit for it and greatly overstate its likely accomplishments. Some years later, they will have the debate all over again.

— THE WASHINGTON POST.

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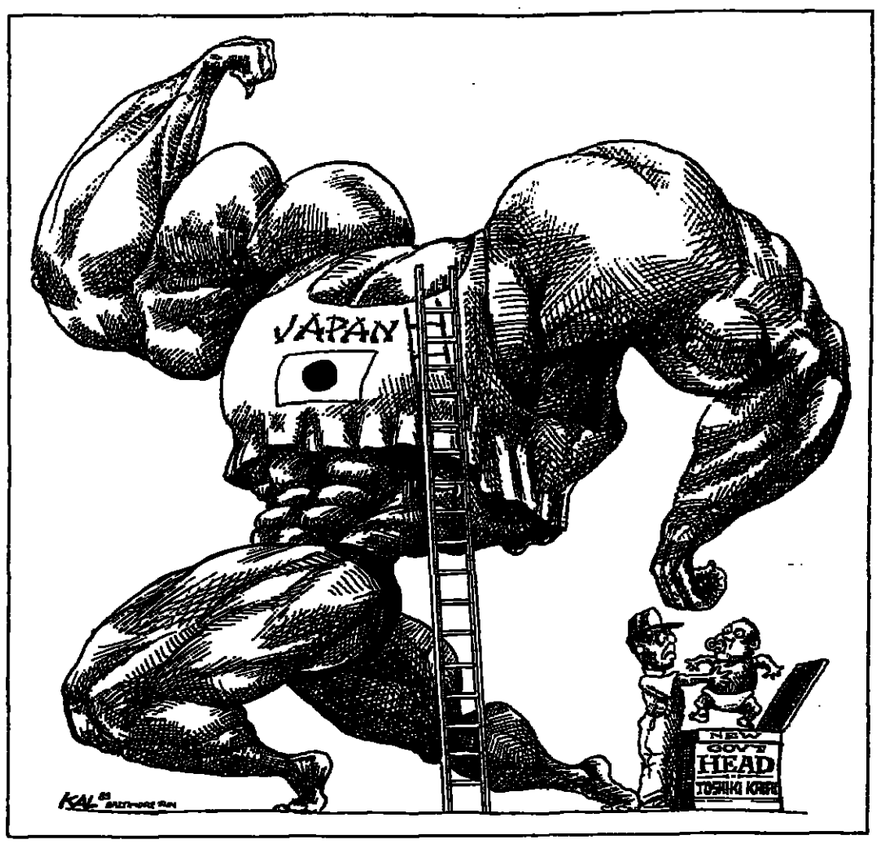

Hong Kong: Beijing Shows It Can't Be Trusted

By Tania Chen

NEW YORK — The bloody repression of the pro-democracy movement in China has shown that the Beijing government cannot be trusted and that the joint declaration it signed in 1984 with Britain cannot be relied on to provide the necessary protection against violations of basic human rights when Hong Kong reverts to China in 1997.

China's assertion that "one country" can exist under "two systems" has already been disproved by its intolerance of the pro-democracy movement. Furthermore, there are early warning signs that freedom of speech, freedom of the press and freedom of assembly will be threatened as Hong Kong approaches 1997. That view is supported not only by the events in China but also by several recent incidents in Hong Kong.

First, two prominent members of Hong Kong's Legislative Council and the chairman and vice chairman of the Alliance in Support of Patriotic Democratic Movements in China were severely criticized July 21 by People's Daily, the Chinese Communist Party newspaper, and accused of seeking to overthrow the Communist regime.

Martin Lee, one of the council members, resigned from the committee drafting Hong Kong's future constitution in protest at the Beijing massacre, and testified before the U.S. Congress several weeks ago. People's Daily alleged that Mr. Lee "sneaked into the United States" and "appealed to the United States to reinforce its economic sanctions on the Chinese government in hopes that the regime in Beijing may be overthrown."

Attempting to overthrow the Chinese regime is the accusation leveled at the pro-democracy students in China. The punishment is execution.

The second disturbing event is the firing of Lee Tze-chung, director of Wen Wei Po, the Chinese-language newspaper that is the traditional mouthpiece of the Beijing government, and the subsequent resignation of 30 of its editorial staff in protest, citing gross suppression of press freedom, harassment and forced indoctrination by the Chinese government. After the June 3-4 massacre in Beijing, Mr. Lee published articles sympathetic to the pro-democracy movement and critical of the government.

The third item is an article in the July 21 People's Daily. It warned Hong Kong that support of China's pro-democracy movement was equivalent to subversion and sedition, and that continued support of the movement would mean that Hong Kong would not be allowed to continue under its capitalistic system.

Those events, among others, are clear signs that serious trouble lies ahead for Hong Kong. What are the prospects for freedom of expression and fundamental human rights in Hong Kong in the face of these blatant examples of inflexibility and intolerance for any views departing from the official Chinese party line?

Meanwhile, Britain has adopted an irresponsible and callous policy toward Hong Kong, refusing to allow Hong Kong holders of British passports the right to live in Britain. This will be the first time that the dependents of a former colony are forced to live under Communist rule. Britain's reason for its refusal is that an influx of Hong Kong people would be disruptive to Britain, a conclusion that many believe is founded on racism rather than reason. One disillusioned Hong Kong resident remarked, "For Britain this is not a matter of right or wrong but white or Wong."

A report prepared by a group of leading English economists headed by Professor Bernard Corry contradicts the position of the British government. The report concludes that the Hong Kong Chinese would benefit Britain by bringing skills that are in short supply in England, stimulating investments and exports, helping to revitalize deteriorating inner cities and potentially creating a housing boom.

These recent events make it essential that a monitoring group of the United Nations be formed to provide some measure of supervision over the transition of Hong Kong to Chinese rule. The United States, as a member of the United Nations, should initiate a resolution providing for such a monitoring group. Further, to provide a safety net for at least some of the Hong Kong people, the U.S. Congress should support the bill sponsored by Representative John Porter, Republican of Illinois, calling for an increase in the quota for Hong Kong immigrants from 5,000 to 50,000.

The stability, vitality and prosperity of Hong Kong have been achieved by the hard work and dedication of its people during the past 40 years. Americans should not let these achievements be undermined by the brutal hard-liners of China's current regime.

The writer is director, based in New York, of Human Rights for China. She contributed this comment to the Los Angeles Times.

Stand Up for Human Rights Lawyers

By Reed Brody

GENEVA — Charitha Lankapura was well known throughout the south of Sri Lanka for his legal work on behalf of political prisoners. He filed hundreds of habeas corpus petitions on behalf of people who had "disappeared" after arrest or who claimed that their detentions were illegal. On July 7, he was killed by unidentified gunmen.

Alfonso Surigao, the leading human rights lawyer on the Philippine island of Cebu, accepted the cases of many political prisoners and helped prosecute army officers accused of the "disappearance" of a priest. On June 24 last year he was shot to death at his home. The gunman later claimed to have received $25 from an army major to carry out the murder.

These cases are only examples of a worldwide phenomenon. A report in Geneva by the Center for the Independence of Judges and Lawyers lists 144 judges and lawyers in 31 countries who have been harassed since January 1988 for performing their professional duties. Of these, 34 were killed, 37 were detained and 38 others were attacked or received threats of violence.

The result is that those who counted on the persecuted lawyers to defend them are left on their own.

- In Brazil, hundreds of lawyers providing legal advice to rural workers in land and labor disputes have been harassed, threatened or killed in the last decade. Most attacks come from gunmen paid by large landowners. In not one case has the guilty party been convicted.
- In the Philippines, eight leading human rights lawyers have been killed since October 1987; many others have been threatened and harassed. In several cases, the circumstances suggest involvement by security forces.
- In the Israeli-occupied West Bank and Gaza eight Palestinian lawyers, including several active in the defense of prisoners of the intifada, have been detained without charge or trial for periods of up to six months.
- In Colombia 210 judges and judicial workers have been killed in the past four years, mostly while handling cases involving drug traffickers and death squads.

Human rights can be preserved only when lawyers are free to take up all cases without fear of reprisal. The United Nations in 1985 called on states to protect lawyers. More must be done. The United Nations should monitor trouble spots, governments should aggressively prosecute those who commit crimes against lawyers, and bar associations everywhere should be more active in the defense of their persecuted colleagues.

The writer is director of the Center for the Independence of Judges and Lawyers of the Geneva-based International Commission of Jurists. He contributed this comment to the International Herald Tribune.

Syria: Despite His Troubles, Assad Remains a Central Player

By Itamar Rabinovich

PARIS — With his army's shells pounding Christian sections of Beirut, and with Pope John Paul II accusing him of genocide, Syria's President Hafez Assad has to be wondering where things began to go wrong. After 19 years of skillfully orchestrating Syria's rise from a weak, politically fractured state to a regional power, he now faces a grim period of retrenchment.

His immediate problem is how to quash the Christian Maronite challenge to his hegemonic position in Lebanon without incurring sharper reactions from his American, French and Arab critics. He is even more concerned about the prospect of greater foreign intervention in the Lebanese crisis, preservation of his huge investment in Lebanon and the contagious effect of any successful challenge to his authority.

In the hostage crisis, Syria can exercise little influence over Hezbollah. And it sees no point in provoking a confrontation with Lebanese fundamentalists and their Iranian patrons for the sake of the meager returns that a "constructive" role could bring.

Even with his stature diminished, Mr. Assad has significant assets, not least the reluctance of his critics to intervene in Lebanon. Their anxiety over the fate of Beirut and its inhabitants and concern with the Christian Maronite position is therefore likely to result in a fresh round of negotiations between Washington and Damascus.

In the past, Mr. Assad has excelled in such negotiations.

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Twice during the last two decades, from 1974 to 1977 and from 1982 to 1984, Mr. Assad contended with America's policymakers in the Middle East. Both times he left them with the conviction that it might be impossible to come to terms with him but that it was hard to pursue a successful regional policy in the Middle East against his opposition.

Yet Mr. Assad's achievements have been marred by serious flaws and weaknesses. There is a dark and brutal side to Syrian politics that the events of the past few weeks have amply demonstrated. The durability of the regime barely conceals an underlying vulnerability that largely derives from the fact that Mr. Assad and most of his partners in the ruling elite come from the Alawite minority community. President Assad never institutionalized his regime, and given his state of health (he suffered from a serious cardiac problem in 1983 and 1984) the prospect of renewed instability is ever present.

After his 1985 victory over the United States and Israel in Lebanon, the fortunes of his regime began to decline. With the heart problems came a waning of his personal performance. And there was the persistent economic crisis. Four other developments also come into play.

Mikhail Gorbachev's foreign policies. There is no intimacy between Moscow and Damascus, but since the early 1970s Syria has been the most important Soviet client in the Middle East. Despite several attempts to diversify its international relations, Syria has continued to rely on Moscow for arms, political support and a vague security umbrella.

Syria has been uncomfortable with several aspects of Mr. Gorbachev's Middle East policy: improved relations with Israel; support for the new, pragmatic strategy of the PLO's chairman, Yasser Arafat, who is a personal foe of Mr. Assad; and Moscow's larger quest to become an established power in the Middle East, dealing with all parties. The prospect of a Soviet-American understanding on the Middle East haunts Mr. Assad.

A crisis in Lebanese policy. Syria has exercised a limited hegemony in Lebanon since 1976. After the 1982 war it regained its position there and enhanced its regional and international positions. But after the American and Israeli withdrawls in 1984 and 1985, it was left with the task of maintaining order with its hands tied by its own domestic constraints, the incredible complexity of Lebanese politics and the continuing interference of other foreign actors.

In the summer of 1988, Syria failed in an ill-advised attempt to install a proxy as Lebanon's new president. This prompted the Maronite commander of the Lebanese army, General Michel Aoun, to lead his community in open defiance of Damascus. Nor is Syria faring much better with the Shiite community. Amal, the secular movement-cum-militia, is pro-Syrian, but the fundamentalist Hezbollah movement is anti-Syrian and takes its orders from Tehran.

Changes in regional politics. Several recent developments have hurt Syria's position, foremost among them the end of the Iran-Iraq war. As an Iranian ally perched on Iraq's northwestern border, Syria could threaten a pincer movement against Iraq. That, combined with Syria's status as the only Arab state that spoke with Tehran, gave it an important strategic position so long as Iran stood a chance of winning. With the war's end, that considerable influence was lost.

Iraq is now relatively free to settle scores, and has sought since last summer to hit against Syria's soft Lebanese underbelly. Without Iraqi support and reassurances, General Aoun would not have taken on the Syrians.

The death of Ayatollah Ruhollah Khomeini and the empowerment of President Hashemi Rafsanjani raise a prospect of an American-Iranian rapprochement. It was perhaps no coincidence that the Iran-contra scandal was launched by a revelation in a pro-Syrian newspaper in Beirut.

The Palestinian uprising. Syria has been unhappy with the intifada — with the gains made by Mr. Arafat, the new political strategy of the PLO and the prospect of a political process involving Israel and the PLO.

Mr. Assad's policy against Israel is based on a doctrine of "strategic parity." Once achieved, it would enable him to launch war or dictate a settlement on his terms. As long as it has not been achieved, he worries that progress toward a Palestinian-Israeli settlement weakens his position.

As a shrewd reader of his own limitations, he has understood that he must not come out openly against the PLO's new strategy but work discreetly and patiently against it in anticipation of Mr. Arafat's failure. Mr. Arafat's buckling under to hard-line critics in El Fatah's recent conference in Tunis must have pleased him.

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Mr. Assad attaches a particular importance to his relationship with the United States. It is here that his greatest efforts are likely to be invested.

The record of earlier American administrations in dealings with Syria has been less than impressive. Last summer the effort to coordinate policies with Syria toward the election of a new Lebanese president ended in a tacit American endorsement of Syria's unfortunate second choice. As a result of that miscalculation, the Lebanese government was split into Christian and Muslim factions.

The Bush administration has tried in the last five months to restrain both Syria's shelling of Christian neighborhoods and its efforts to erode by ground attacks the area of Christian autonomy. As its angry condemnation of Syria's conduct last week suggested, Washington no longer buys the argument that the shelling and the fighting are done by Syria's Lebanese allies. It is now faced with the need to deal with a graver crisis.

The Bush administration has so far avoided the formulation of a comprehensive Middle East policy. The carnage in Beirut may force it to deal with Syria within a broader view of the Lebanese and Arab-Israeli problems.

The writer is senior fellow of the Dayan Center at Tel Aviv University and author of "Syria Under the Ba'ath" and "The War for Lebanon." He contributed this comment to The New York Times.

The Old Country Stirs And an Emigré Frets

By John Bolsteins

GAITHERSBURG, MARYLAND — We were sitting around the kitchen table at a friend's house one evening, jocularly assigning ourselves jobs and careers we might wish to have if we were to return to Latvia. With one exception, all of us were, like my wife and me, sons and daughters of refugees who had fled as the Soviets took over in the waning days of World War II.

A few our group had been born in Latvia. Others, like my wife, were born in the United States. The rest, including me, were born in between, in displaced persons' camps in Germany. Outwardly we were fully assimilated Americans, inwardly not yet. Latvian was our first language.

But there was one in the group who was of us and yet not. A sister of one of our friends, she was a visitor from Latvia on her first trip to the West. This working-class woman, in her 40s like most of us, appeared somewhat bemused by the talk. She played along at first, offering a suggestion or two. Her manner turned somber as she finally challenged us with the obvious question, "Would you really go back?" The lightheartedness was dispelled as we all mumbled somewhat defensive responses, none of which came close to being an unequivocal yes.

The question has since taken firm root in my mind. Consigned before to the hypothetical, it now resonates against the breathtaking developments in Latvia and elsewhere in the Soviet Union in the last few years.

The people there have taken advantage of glasnost and perestroika, and their outpouring of long-suppressed national feeling has left its invigorating mark on those of us in the West who retain a tight, stubborn hold on our Latvian identity. We watch with guarded optimism and wonder how far the Latvian people and their new leaders will be able to take their ever bolder demands for economic and political distance from Moscow.

And I grow ever more fascinated by the thought of returning — a thought both fanciful and forbidding, and so easy to contemplate from my softly cushioned chair.

At its core, I suppose, it comes down to a question of tribes. I am of two, a circumstance in which I luxuriate. The one I adopted when I was 5 envelops me daily in its immense vitality and variety. Pre-eminent on Earth, it can afford to ask relatively little of me as it offers me all the space and opportunity a man could want. It has also asked much of me — that I go fight in Vietnam, for one. I did, proudly. Throughout, I have felt no discord with this tribe, only a natural affinity. I suggest that it also has an affinity with me. How could I rationally consider leaving the tribe that so many wish to emulate, some surreptitiously and others grudgingly?

Americans, it is said, take freedoms for granted. True enough, probably. But I am not certain that I always do, for I have a reference point in my other tribe, the natural parent. It has been under siege on its own soil for longer than I have been alive. Invaded, occupied and brutalized, it has known little freedom under the weight of the behemoth to the east. A forced deprivation has made remembrance of the heady era of independence it enjoyed between the wars all the more acute.

Fortunately, I have known of these troubles only secondhand. But I have paid attention, even through the enticing strains of the siren song my larger tribe always sings. I have heeded tales of my parents and the writings of musty books printed long ago in my first language. I have read the cautious, infrequent letters from cousins and aunts in Latvia.

I have chosen to learn and not forget, even while too many others of my peculiar generation have succumbed totally to that siren song.

A brief, intense visit to Latvia 17 years ago is seared in my memory. Gray faces, grayer stories, Big Brother all around, a different planet. Yet through it all an astonishing cognizance of a place and people never before touched but immediately dear and familiar. Those five days really cemented it for me. Bonding.

I remain, of course, a faithful member of my original tribe in emigration. It is small, scattered throughout America, but it has grown more vibrant. By most measures it fares poorly in comparison to my adopted tribe. But, like a small hometown to which you occasionally return, where nothing and no one is strange, my Latvian identity shields me and offers refuge from the tumult outside.

I know it asks much of me, most of all that I remain of it. It could ill afford my loss. I know also that the hard fight still ahead will be fought not here, but there. And I am drawn by the exuberance and reawakening that is taking root there.

It comes down to this: Am I to be a part of it, or shall I sit on the sidelines and suffer and exult from afar?

The Washington Post.

100, 75 AND 50 YEARS AGO

1889: Struggle in Mexico

NEW YORK — A sharp struggle for commercial supremacy is going on in Mexico between the French, Germans and English. The French have almost driven the Germans from the dry goods business. The latter now talk of establishing a bank with $10,000,000 capital to give them funds to oppose the French competition. The English capitalists fear that such an institution would weaken their position of financial mainstay of the government.

1914: Interests in Asia

LONDON — The Press Bureau announces that Great Britain and Japan, having been in communication with each other, believe it is necessary for each to take action to protect her general interests in the Far East, in accordance with the terms of the Anglo-Japanese alliance, keeping in view the independence and integrity of China, as provided for in the agreement. It is understood that the action of Japan will not extend to the Pacific ocean beyond the China seas except to protect Japanese shipping lines in the Pacific, or in Asiatic waters westward of the China seas, or to foreign territories except German occupied territory in Eastern Asia.

1939: Maginot Line

PARIS — France's "absolute security" against attack on its eastern frontier was stressed by Winston Churchill, former First Lord of the British Admiralty, on his return to Paris yesterday [Aug. 16] after visiting the famous defenses of the Maginot Line. "My strongest impression on visiting the Maginot Line," Mr. Churchill declared, "is that it provides absolute security against the horrors of invasion, not only through its impregnable fortifications but also through the brave and efficient soldiers who man them. I was particularly struck by the alert and intelligent appearance of the French soldiers."

International Herald Tribune

WEEKEND

- Filming García Márquez
- Cellist Mischa Maisky
- Arts Guide

Scenes from "Black Rain." Imamura has said of his work that his "real intention is to watch and describe these interesting things called humans."

'Black Rain': Looking At Post-Bomb Japan

Shohei Imamura Subtly Probes Life Of Those Touched by 'the Disease'

by Patrick L. Smith

TOKYO — Early on in Shohei Imamura's prize-winning new film, "Black Rain," a middle-aged husband and wife are salvaging what they can from the rubble of their Hiroshima home. It is just after 8 A.M. on Aug. 6, 1945; the first atomic bomb has just exploded.

"May I take some cucumbers?" the wife asks as she digs through a pile of stones and timber that used to be the family kitchen.

"Why not?" her husband replies without looking up from his own quarry. "Let's go."

It is hard to think of a recent film by any director that is more economic in the way each scene contributes so essentially to the whole. And it is hard to think of a single moment in "Black Rain," although there are many that are memorable, that so distills the juxtaposition between people and events that is at the heart of all Imamura's work.

Nothing is wasted in "Black Rain," which took the grand prize for technical excellence at Cannes this year and which is already being described as one of Imamura's masterpieces. Imamura dispenses with the destruction of Hiroshima within a matter of minutes and returns to it only in brief flashbacks later.

Nonetheless, it is probably inevitable that "Black Rain," which opens in Europe next month, will be discussed, criticized, celebrated or defiled this autumn as a film about "the bomb" and all the attendant dimensions of modern political reality. And that is a pity, since it misses the point entirely.

The quiet power of "Black Rain" lies not in any such message but in its subtle portrayal of ordinary people as they struggle with calamity and hardship. As in Masuji Ibuse's 1965 novel of the same name, Imamura's film is concerned with the lives of three people making their way in postwar Japan despite being touched by "the disease," as radiation sickness is known in the villages surrounding Hiroshima.

The earthy conflicts of everyday life have been Imamura's milieu since he made his cinematic debut 31 years ago; in one way or another, each film since has been a street-level celebration of "the dailyness of living," as Randall Jarrell, the American poet of Imamura's generation, once put it.

"I am fed up with narrow interpretations of my work and by people who limit it by labeling it," Imamura said a few days ago, in a voice more amused than angry. "My real intention is to watch and describe these interesting things called humans."

As he spoke in the quiet of a Tokyo art gallery, the relaxed and genial director seemed far from the 32-year-old who dazzled the film world when "Stolen Desire" came out in 1958. Accepted since as a self-portrait, Imamura's first full-length feature film concerned a cultured youth's encounter with a troupe of brash and raucous itinerant players, "a throbbing volcano of humanity," as one critic described them.

That film, which had an edge of rip-roaring comedy about it, more or less defined Imamura's style and themes: the tenacity and vitality of humanity and the humor implicit in the human condition. These were later developed in "The Insect Woman" (1963), about a villager who becomes a call-girl boss in Tokyo, and "Intentions of Murder," about another rural woman's response to rape.

AFTER these early black-and-white films, Imamura spent a decade making a series of well-received documentaries on a range of Japanese subjects, and he made several color features, including "The Ballad of Narayama" (1983), which won the grand prix at Cannes that year.

But for many of Imamura's closest critics, that award was more than tinged with irony. Imamura's big-budget color period was a time when his films lost much of their power and directness, they said, chiefly because they were more diffuse than his earlier efforts and lacked the sense of the unexpected that lent his first films their originality.

"Imamura's films are not about justice, equality or sympathy, but about the way life is: You got raped, but you can go on," said Tadao Sato, a prominent Japanese critic. "In his early films, he created an unknown world.

"But in his middle period, there was no sense of discovery in what Imamura was directing. Everything he was doing had been done. 'Ballad' was not a bad film; there was simply nothing new in it."

Sato, who counts a book on Imamura among the 60 he has written on Japanese film over the past three decades, ranks

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Lambada: '89's Sexy Dance Fad

by Mike Zwerin

PARIS—The rebirth of sensuality in the age of AIDS. The reconciliation of the couple. The first new dance since the Jerk.

The Lambada is all this and more according to its two dynamic producers.

Traditional folklore, a musical style, a dance, "Lambada" is also the song of the summer, and probably the French promotion of the year. Currently number one on the charts in France, a million copies of the single (as many as 45,000 a day) plus 400,000 of a compilation album have been sold since released — or unleashed — on June 21. There has been nothing like it in France since Madonna.

It originated in Porto Seguro with roots in northeastern Brazil, around Bahia in general. Lambada means round trip, to dance or hot loins, depending on which producer or periodical you believe — Libération, Télérama and Le Nouvel Observateur (in a cover story) have all run multi-page features on the Lambada.

This lighthearted Brazilian/Caribbean crossover principally combines the rumba and Trinidadian socca and includes elements of salsa, zouk and reggae, featuring horns, percussion, the occasional bandoneon or synthesizer, a vocal choir and sexy Portuguese lyrics. The dance consists of specific steps — a sort of tropical tango — by fondling couples with an accent on knees, which are often between the partner's thighs.

'It always comes back to desire. It's a dance of seduction.'

"It always comes back to desire," according to co-producer Olivier Lorsac. "You bring your partner in your arms, you distance yourself, you embrace again. It's a dance of seduction. Originally it had been only for the lower classes — blacks, Indians, fishermen. At first, the bourgeoisie disapproved of its overt sensuality but there's been a feedback since our success in France. Now there are 'Lambadarias' in São Paulo and Rio where they dance only the Lambada. Brazilians are taking some pride in it. They see their culture being accepted in Europe."

"We are bringing desire back to the dance floor," adds his partner Jean Karakos. "It's the first new dance in 25 years, a throwback to the foxtrot and the lindy. People are touching each other again. Until now, teenagers were dancing the same dances as their parents. The Lambada gives them something of their own. Melting Pop."

Karakos, who describes himself as a "conceiver," began his career odd-jobbing remaindered discs in Toulon. In 1968, his BYG Records recorded 50 albums by Cecil Taylor, Sun Ra, Archie Shepp and other Afro-American players of so-called "free jazz," who were being pretty much ignored in their own country. Some of them complain that they weren't paid, but never mind, Karakos put them on the map. He started a jazz newsletter called Actuel, a descendant

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Rummaging in Balanchine's Attic

by Jack Anderson

NEW YORK — The works of George Balanchine are the treasures of the New York City Ballet. And because Balanchine was a prolific choreographer who bestowed his creations upon many troupes, his ballets can be seen from coast to coast and in the dance capitals of Europe; they are among the glories of American dance. Yet, our dance scene could be even richer in Balanchine.

The great choreographer did more than polish his choreographic gems. He put some of them away, never to display them again. Or he would remount them in different patterns.

Therefore, although Balanchine's ballets already dominate the New York City Ballet's repertory, it still might be possible for that company to organize a special kind of celebration: evenings not necessarily of complete Balanchine works, but of bits and pieces, rarities and curiosities. Or such programs might be arranged by several organizations working in collaboration.

Many wonders could be brought to light. For instance, in some otherwise forgotten ballets by Balanchine there are isolated scenes and variations that the dancers who originally performed them not only cherish but remember — making it possible to restage them before they are lost.

Over the years, Balanchine occasionally rechoreographed sequences in his ballets, including some of his most famous achievements. Attractive programs could be built around Balanchine's first and second choreographic thoughts. And they would suggest how his imagination developed as he matured.

At its premiere in 1928, "Apollo" began with a scene showing the god's birth. In early productions, the ballet also ended with Apollo leading the Muses upward toward glory. After 1979, Balanchine omitted both this beginning and ending, saying that he preferred his ballet without them. Why not restore both of these sequences, at least for a special performance?

Since he first used the music in 1933, Balanchine staged several works called "Mozartiana," to a Tchaikovsky suite based on themes by Mozart. The New York City Bal-

Continued on page 8

CRITICS' CHOICE

JAPAN

ABT Anniversary

■ American Ballet Theatre's 50th anniversary season opens with a three-week tour of Japan, including works by Massine, Tudor, Cunningham, Balanchine and Mark Morris. At Bunka Kaikan in Tokyo, Aug. 22-Sept. 4, Osaka Sept. 5-7, Nagoya Sept. 8, and Yokohama Sept. 10.

Fujishima Retrospective

Takeji Fujishima, a distinctive figure in early Japanese modern art, worked on the interior of the Imperial Palace and was an influential professor through the middle of this century. A retrospective of 77 paintings through Sept. 3 at the Tokyo Metropolitan Teien Museum, shows how he combined traditional Japanese sentiments with an acquired European means of expression. *(Kay Itoi)*

FRANKFURT

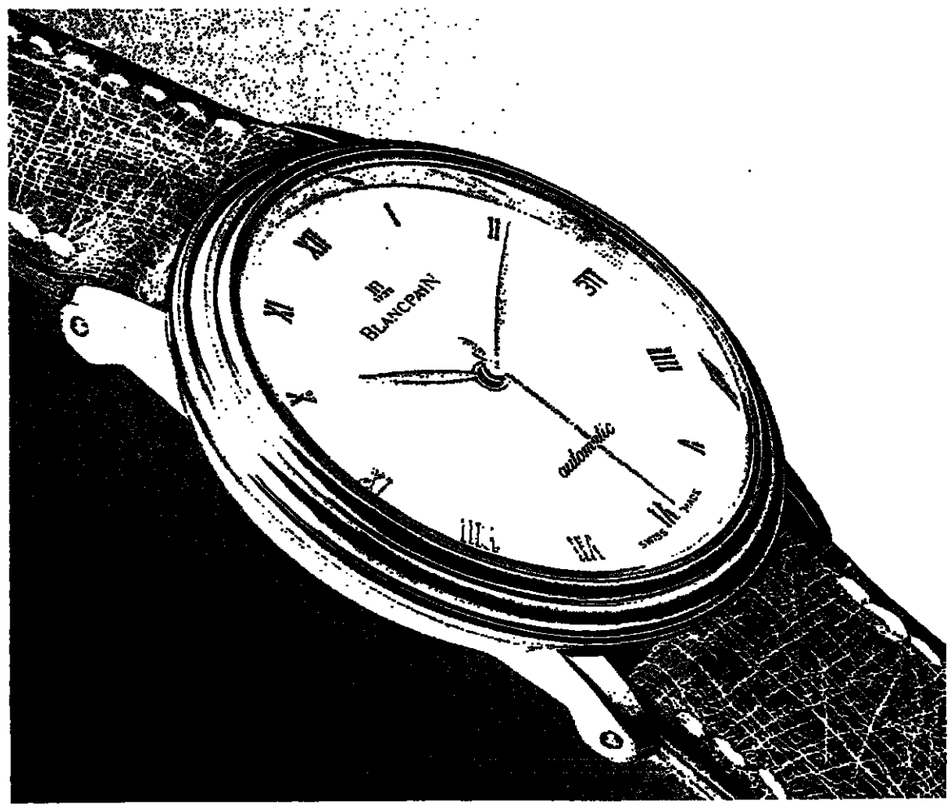
Feste '89

■ Anniversaries of the French Revolution and the outbreak of World War II are thematic cornerstones of Feste '89, through Oct. 3 at the Alte Oper. The program includes the complete symphonies and solo piano works of Beethoven by various orchestras and pianists, as well as an accent on the works of Dmitri Shostakovich and Mauricio Kagel. There are premieres of works by several composers. Exhibitions include one of 43 etchings by Alfred Hrdlicka on the French Revolution.

LUCERNE

Mostly for Orchestras

■ The Lucerne Festival, through Sept. 9, has its usual array of leading orchestras, including the Concertgebouw under Riccardo Chailly, the Moscow Virtuosos under Vladimir Spivakov, the Berlin Philharmonic under James Levine and the Chicago Symphony under Georg Solti. Piano recitalists include Mieczyslaw Horszowski, Jorge Bolet and Elisabeth Leonskaya.



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WEEKEND

Any Way but Ugly or Boring

by Allan Kozinn

NEW YORK — "Unfortunately, and unbelievably, Mozart wrote concertos for just about every instrument but the cello," lamented Mischa Maisky. For want of Mozart, Maisky will play Haydn's Concerto in C major in the Mostly Mozart concerts here Friday and Saturday. "In the cello repertory, Haydn is as close as you come to Mozart," he says.

Maisky has emerged in recent years as a dark horse among his generation of cellists. He was born in Riga, Latvia, in 1948, and from 1966 to 1970 he studied under Mstislav Rostropovich in Moscow. He emigrated to Israel in 1972 after some rough treatment. In 1973, he won the Gaspar Cassadó International Cello Competition in Florence, and in 1974 he studied with Gregor Piatigorsky in California.

In recital, he makes a striking impression, partly because of his leonine mane and a penchant for brightly colored silk shirts, open at the neck; but also because he strides briskly across the stage, plants his cello, launches into his opening work the second he hits the chair, and performs with an intensity that does not let up.

Maisky is decidedly of the Romantic school. Even in Bach — especially in Bach — his readings are full of coloristic nuance and dynamic shape. They also seem to change a good deal.

"I believe my interpretations change, sometimes consciously, sometimes unconsciously," he says. "Anyway, I believe there are a million different ways to play great music, and all are valid except two: to play it ugly, or to play it boring."

Stefano Amadeini

Mischa Maisky in his unusual recital attire.

Maisky, who lives in Brussels but is an Israeli citizen, began on the cello when he was 8. His older sister played the violin. His brother started on the violin, switched to organ and harpsichord, became a musicologist, and performed with Maisky until his death in an automobile accident eight years ago.

WHEN it was my turn to take up an instrument," Maisky says, "my mother said, 'Enough. I want one normal child.' So I wasn't supposed to be a musician. But I announced that I was going to play the cello. I'm not sure why. I was a hyperactive child, and I mainly liked to play soccer. Nobody could imagine me sitting down and playing the cello. But I worked very hard at it."

In 1962, his family moved to Leningrad and in 1966, he won prizes in the All Russia and Tchaikovsky competitions. "I was the only cellist at the Tchaikovsky Competition that year who was not a student of Rostropovich," Maisky says, "and he wanted to correct this, so he invited me to Moscow to study with him. That had been my dream all my life.

"He was a remarkable teacher. In those days, he was traveling a lot, so there would be long periods when he was absent. But when he was there, he created an unbelievable, electrifying energy. The lessons were irregular, but extremely inspiring."

His problems began in 1969, when his sister emigrated to Israel.

"It was obvious to the authorities that sooner or later I would do the same," he recalls. "In the Soviet Union, every Jewish person is a potential émigré; and once you have a relative abroad, it is assumed you will follow. It angered them that I did not leave when my sister did, because they realized I wanted to finish my education with Rostropovich at the Moscow Conservatory, and that then I would leave. They were probably right. But since I was a good student, they couldn't kick me out for no reason. So they made my life difficult, canceling concerts and refusing to let me play abroad. But I felt that unless something dramatic happened, I would finish my studies."

Something dramatic happened. "When I began studying with Rostropovich," Maisky explains, "it seemed to me that the lessons were so incredibly rich that it was impossible for normal human beings like us little students to absorb them. So I spent all the money I won at the Tchaikovsky Competition on a second-hand tape recorder. It was well-known that I recorded the lessons; I even arranged public playings of the tapes.

"By 1970, this tape recorder was in very bad shape, so I began looking for a new one. But in the Soviet Union you don't just walk into a store and buy this sort of thing. I went back to the second-hand shop, and in front of the shop there was an open black market. Someone approached me and asked me what I was looking for, which was very normal. He didn't have a tape recorder, but he had certificates that could be used in special shops to buy things that are not usually available."

THE certificates were intended to be bought by foreigners with hard currency, and Maisky, in buying them with rubles, committed an infraction. "When I brought the certificates to the shop to buy the tape recorder, I was duly arrested.

"I spent four months in jail," he continues, "and then 14 months in enforced labor, trying to build communism with a shovel. It was just outside Gorky — not in Siberia, but bad enough."

When his sentence was finished, he had himself committed to a mental hospital. "If I had not done so," he says, "they would have put me in the army. That would have been another three years of a different kind of jail, and then they could refuse to let me emigrate because I might have seen some secret installations. So I found an influential Jewish psychiatrist, explained my case, and was committed for two months."

By the time he was released, he had not seen his cello for two years. He attempted to gain admission to the Moscow and Leningrad conservatories without success. "They pretty much arranged it so that I had to leave."

So he did, and quickly established a foothold in Israel. He also secured an America-Israel Cultural Foundation scholarship for study with Piatigorsky, and spent three and a half months working with the cellist in California.

"That was the best time of my life," he says. "I am not implying that Piatigorsky was a better teacher than Rostropovich. But I think that I was a better student. I was quite a bit older. I had more life experience. The ordeal I had been through had changed my life, and changed me as a human being." ■

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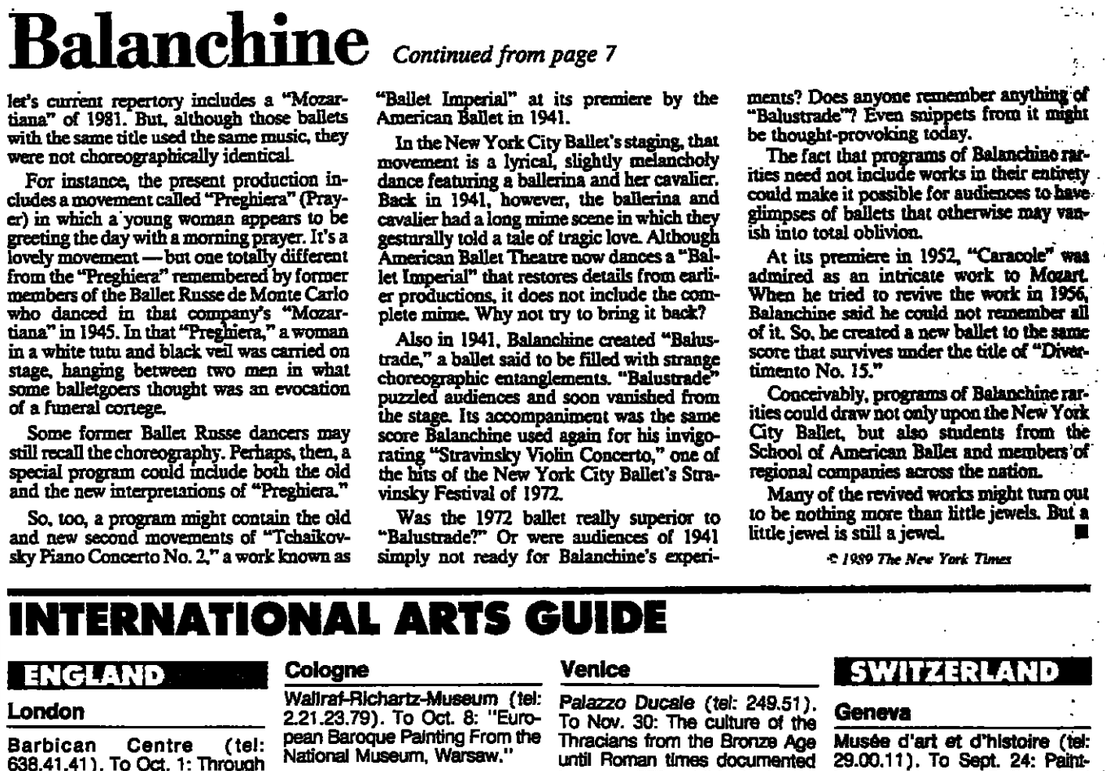

The original finale to "Apollo," later cut by Balanchine.

Balanchine

Continued from page 7

let's current repertory includes a "Mozartiana" of 1981. But, although those ballets with the same title used the same music, they were not choreographically identical.

For instance, the present production includes a movement called "Preghiera" (Prayer) in which a young woman appears to be greeting the day with a morning prayer. It's a lovely movement — but one totally different from the "Preghiera" remembered by former members of the Ballet Russe de Monte Carlo who danced in that company's "Mozartiana" in 1945. In that "Preghiera," a woman in a white tutu and black veil was carried on stage, hanging between two men in what some balletgoers thought was an evocation of a funeral cortege.

Some former Ballet Russe dancers may still recall the choreography. Perhaps, then, a special program could include both the old and the new interpretations of "Preghiera."

So, too, a program might contain the old and new second movements of "Tchaikovsky Piano Concerto No. 2," a work known as "Ballet Imperial" at its premiere by the American Ballet in 1941.

In the New York City Ballet's staging, that movement is a lyrical, slightly melancholy dance featuring a ballerina and her cavalier. Back in 1941, however, the ballerina and cavalier had a long mime scene in which they gesturally told a tale of tragic love. Although American Ballet Theatre now dances a "Ballet Imperial" that restores details from earlier productions, it does not include the complete mime. Why not try to bring it back?

Also in 1941, Balanchine created "Balustrade," a ballet said to be filled with strange choreographic entanglements. "Balustrade" puzzled audiences and soon vanished from the stage. Its accompaniment was the same score Balanchine used again for his invigorating "Stravinsky Violin Concerto," one of the hits of the New York City Ballet's Stravinsky Festival of 1972.

Was the 1972 ballet really superior to "Balustrade?" Or were audiences of 1941 simply not ready for Balanchine's experiments? Does anyone remember anything of "Balustrade"? Even snippets from it might be thought-provoking today.

The fact that programs of Balanchine rarities need not include works in their entirety could make it possible for audiences to have glimpses of ballets that otherwise may vanish into total oblivion.

At its premiere in 1952, "Caracole" was admired as an intricate work to Mozart. When he tried to revive the work in 1956, Balanchine said he could not remember all of it. So, he created a new ballet to the same score that survives under the title of "Divertimento No. 15."

Conceivably, programs of Balanchine rarities could draw not only upon the New York City Ballet, but also students from the School of American Ballet and members of regional companies across the nation.

Many of the revived works might turn out to be nothing more than little jewels. But a little jewel is still a jewel. ■

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INTERNATIONAL ARTS GUIDE

ENGLAND

London

Barbican Centre (tel: 638.41.41). To Oct. 1: Through the Looking Glass: Photographic Art in Britain 1945-1989. 70 artists are represented.
To Sept. 3: Robert Capa: A retrospective of the photojournalist's work, 1932-1954.

Royal Academy of Arts (tel: 734.90.52). To Aug. 20: The 221st annual Summer Exhibition displays 1185 works by contemporary British artists.

Victoria & Albert Museum (tel: 589.63.71). To Sept. 3: "The Nude, A New Perspective," includes paintings, drawings, prints and photographs, from 1450 to the present.

FRANCE

Biot

Musée Fernand Léger (tel: 93.65.63.61). To Oct. 8: "Images of Leisure," displays 60 paintings ranging from the 17th to the 20th century.

Chauny

Château de Blérancourt, Museum of Franco-American Friendship (tel: 23.39.60.16). To Sept. 29: Americans and the French Revolution: Includes paintings, prints and memorabilia.

Paris

Centre Georges Pompidou (tel: 42.77.12.33). To Aug. 27: Drawings by Matisse, representing the various periods of his career; included are 100 works.

Institut du Monde Arabe (40.51.38.38). To Jan. 14, 1990: Egypt-Egypt: pharaonic, Coptic and Islamic art from Egyptian museums, as well as recently discovered artifacts from Luxor are among 25 works on view.

Musée du Louvre (tel: 42.60.39.26). To Sept. 11: Pastel portraits from the Louvre from 1660 to the 1820s, includes works by le Brun, Maurice-Quentin de la Tour, Chardin.
To Aug. 21: A selection of 350 works of art representing bequests made to the museum since its founding in 1793.

St. Paul de Vence

Fondation Maeght (tel: 93.32.81.63). To Oct. 4: "L'Oeuvre Ultime," end-of-career works of 25 painters, including Bonnard, Braque, Chagall, Degas, Klee, Ernst, Kandinsky.

WEST GERMANY

Berlin

Martin-Gropius-Bau (tel: 254.86.302). To Aug. 27: Europe and the Orient, 800-1900. 1,000 exhibits trace the history of contacts between the Near and Middle East and Europe.

Cologne

Wallraf-Richartz-Museum (tel: 2.21.23.79). To Oct. 8: "European Baroque Painting From the National Museum, Warsaw."

Frankfurt

Schirn Kunsthalle To Aug. 20: Wassily Kandinsky: A 150-work retrospective including watercolors, oil paintings, drawings.

Nuremberg

Nationalmuseum (tel: 13.31.0).To Oct. 1: Liberty, Equality, Fraternity: The impact of the French Revolution on German culture and politics, 1789 to the present. Among 800 exhibits are documents, posters, paintings and drawings.

ITALY

Florence

Forte Belvedere (tel: 21.29.31). To Oct. 20: "The Great Sculpture of Black Africa: 156 works from European and American collections.

Venice

Palazzo Ducale (tel: 249.51). To Nov. 30: The culture of the Thracians from the Bronze Age until Roman times documented by some 900 exhibits including gold, silver and clay objects.

JAPAN

Tokyo

Tokyo National Museum of Modern Art (tel: 214.2561). To Sept. 17: "Art of Showa Period" from the museum's collection.
National Museum of Western Art (tel: 828.5131). To Oct. 1: Early-19th century artists of the Romantic school, features 70 oil paintings.

LUXEMBOURG

Luxembourg

Musée Jean-Pierre Pescatore (tel: 47.96.27.66). To Sept. 25: Works by Jan Steen, David Teniers, van Dyck, Canaletto, and Delacroix are among 120 paintings from the Luxembourg municipal collection.

SWITZERLAND

Geneva

Musée d'art et d'histoire (tel: 29.00.11). To Sept. 24: Paintings by Velazquez, El Greco and Zurbaran are among 70 works on loan from the Prado and Spanish collections.

Lausanne

Fondation de L'Hermitage (tel: 20.50.01).To Sept. 21: 19th and 20th century French art "from Ingres to Picasso" on loan from the Musée des Beaux Arts, Lyon: 100 paintings and 20 sculptures.

Lugano

Villa Favorita (tel: 521.741). To Oct. 29: "German Expressionists from the Thyssen-Bornemisza Collection" includes 50 works.

Zurich

Kunsthaus (tel: 251.67.65). Aug. 18-Oct. 22: A Salvador Dali retrospective featuring 140 drawings, 40 sculptures and Surrealist objects and 140 paintings.

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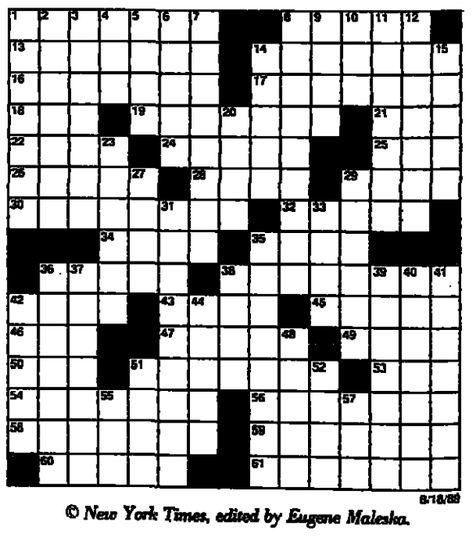
59 Inexperienced workman
60 Gary Cooper role
61 Transmitters



8/18/89

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Solution to Previous Puzzle

B	E	N	D		L	E	H	A	R		E	F	T	S
I	T	E	A		O	P	E	R	E		A	L	I	A
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DOWN

1 Mailing charge
2 Devil
3 Jim Thorpe, e g
4 A crowd in Cremona?
5 Einstein's fourth dimension
6 Swelling
7 Emulated Robert Giroux
8 Standard
9 Bathe
10 Ferber's "—— Basket"
11 Corrupt
12 Irving Stone's "Love Is ——"
14 Persona ——
15 Clanssa and Sir Anthony
20 Piths
23 Street light, in gang slang
27 Bolus
29 Beethoven's —— Sonata
31 Recipe measures
33 Bryophyte
35 "—— at seven": Browning
36 Compelled by intimidation
37 Grove in which Plato taught
38 Corvine calls
39 Crisp cracker
40 Vintner's employee
41 Rainmakers
42 Queue
44 Mitigates
48 Flèche
51 Tall flower, for short
52 Narrow: Comb. form
55 Fixed charge
57 Colgate's —— Raiders

WEEKEND

Eric Robert/Sygma

The Lambada, a kind of tropical tango, consists of specific steps with the accent on the knees.

Lambada *Continued from page 7*

of which is now a fat mass circulation monthly. He went bankrupt.

ONE decade later, Karakos surfaced in New York running Celluloid Records with an influential eclectic catalogue described at various times as including "progressive rap," "Afro-Austro-hip-hop dub," "punky African rock" and "neo post-Aquarian jazz by graduates of the University of Applied Harmolodics." Karakos continued to spend a lot of money, much of it his own.

"Some guys refuse to talk to me," he shrugs, "and others say they're looking for me. But I'm in the phone book and my conscience is clear. All I'm trying to do is make a living selling music I love."

After being a program director for RTL, Lorsac produced more thab 800 commercials employing such well-known directors as Bertrand Tavernier and Claude Chabrol. He produced Jacques Doillon's feature film "La Pirate," which was an official selection at the Cannes Film Festival. In 1987, gambling his entire stake on one deal of the cards, he co-wrote and directed "In Extremis," a cops and robbers thriller that flopped. Broke, he sublet his office and, in April 1988, went on vacation in Porto Seguro with his old pal Karakos.

These are people for whom the concept of "broke" is relative. Somehow seed money for a new fortune keeps sprouting, and there is always the time and means to fuel up in Brazil after losing one. Last week they were working the phones facing each other over one small desk in a tiny office next to Lorsac's sumptuous apartment which he had bought in an expensive neighborhood at the right time and rebuilt largely with his own hands. They thrive in the fast lane on the edge of financial disaster. They put their money and energy where their instincts are. Investment decisions are often irrational, based on love for the product. They play with money like jazz musicians with notes. They have good ears, optimistic spirits and pale complexions.

Back in Porto Seguro in April last year, the two of them listened to Lambada tapes on the beach and danced the seductive dance in discotheques. They fell in love with it and decided to introduce it in France. "We knew we had a winning hand from the beginning," says Karakos.

Dealing the cards took a stake of $300,000. Karakos bought the rights to 400 Lambada songs for $150,000 and Lorsac shot a 10-minute documentary because: "You can't explain a dance, you have to see it."

'It's the first new dance in 25 years. People are touching each other again.'

By the time they looked at their hand, it was too late for 1988. "This is a summer dance," Karakos explains. "Hot, exotic beaches, ice-cold drinks, mini-skirts. You cannot begin a promotion like this in the winter."

Despite owning the rights to a mass of existing material, they recorded a new single, called simply "Lambada," in Paris. Brazilian recordings were not high-tech and Karakos is convinced that, if you leave a creative promotion such as this to television or record company executives, quality inevitably suffers.

Karakos's choice of the musicians is a sample of his savvy. Called Kaoma, they were Touré Kunda's four-piece rhythm section, which had been out of work since the Kunda brothers spat and broke up their successful African group. They have been a working unit for eight years. Thus tight from the start, two of them are from the French Antilles, close to the material by nature. Percussion and the Brazilian singer Loelva Braz were added.

STARTING to hustle seriously last Christmas, the producers played their cards close to the chest. Security was draconian. They made no copies of either images or music. After screening the documentary for key people in several carefully chosen organizations, they left with the cassette. When it was time to show it to the president, they took care of it themselves.

CBS, the only record company approached, licensed European rights. TF 1 guaranteed 250 television airings of the jolly fleshy clip shot by Lorsac with a cast and crew of 45 on the Spanish Mediterranean islet of Espalmador, financed by 1 million French francs ($154,000) from the sponsor, the soft drink company Orangina.

A Lambada road show with 25 musicians, dancers, singers and technicians is currently touring outdoor venues in southern France. "Lambada," the single, is also number one in Belgium, number four in Italy, climbing fast in the Netherlands and about to take off in West Germany and Spain. (There are no immediate plans for the United States.)

"If we had found it couldn't come in through the door," says Lorsac, "we would have taken it through the window. There's no way it could have missed. All the parameters are functioning."

Jumping to pick up a jangling telephone, Karakos exclaims: "And we're having a hell of a lot of fun!" ■

Gabriel García Márquez, Cineaste

by Larry Rohter

Sergio Dorantes/The New York Times

In six scripts, the novelist probes Latin American identity.

MEXICO CITY — Three years ago, as he was working on the novel "The General in His Labyrinth," Gabriel García Márquez found himself with extra time on his hands.

Every morning he would sit down at his word processor to write, and at night he pored through letters, books and documents about Simón Bolivar, the liberator of Latin America who is the central figure of the book.

But during many an afternoon, the Nobel laureate ended up doing duty as a screenwriter, simultaneously crafting scripts for not one but six films. The result of that burst of cinematic activity is a series called "Amores Dificiles," which can be seen in New York as part of the monthlong Festival Latino at the Public Theater.

Working with well-known directors from Brazil, Colombia, Cuba, Mexico, Spain and Venezuela, who share the screenplay credits with him, the Colombian novelist, 61, was able to indulge, as perhaps never before in his career, a lifelong passion for the movies.

Though García Márquez's international reputation stems from his fiction, he describes himself as an inveterate booster of the Latin American film and a cineaste at heart. Over the last two decades, he has collaborated with some of the directors involved in the "Amores Dificiles" series on other projects aimed at bringing his works to the screen, a diversion he said he always finds a welcome change of pace.

"I don't think any producer has made six feature-length films in one year, but that's what we did," he said recently at his home in Mexico City. "I wouldn't want to try it again, but it was worth it just to know you could do a project like this in Latin America."

If there is a single overriding concern in the Latin American novel, it is that of human beings struggling to find their place in societies where any venture, from love to politics, is likely to end badly.

As García Márquez sees it, the best films draw from the same wellspring. "The principal problem we have in Latin America is finding our identity," he said. "That is what we are looking for here. Who are we? What are we like?"

In all probability, only a figure with the prestige of García Márquez could have broken through the barriers that traditionally have kept Latin American film in conditions of provincialism and penury.

Latin America is a highly fragmented movie market, in which governments typically impose protectionist limits on the entry of films from neighboring countries, while financial problems stemming from foreign debt make them reluctant to support their own domestic film industries.

But "Amores Dificiles," which has been translated into English as "Dangerous Loves," has the look of a film series in which the available resources match the imagination of the creators. There are striking underwater and aerial sequences, as well as an overwhelming awareness of color that captures the exuberance of the tropics.

"Although we were not ostentatious, there were no financial problems, no limitations, and that is unusual," said Lisandro Duque, the Colombian who is directing one of the films. "In Latin America we are used to doing a lot with very little, with maintaining a sobriety in the budget that is often out of step with the themes we are addressing."

"The only thing I have ever studied almost to completion in my entire life is the cinema," said García Márquez.

HE was breaking the silence he had imposed on himself after the controversy generated by the publication this spring of the Bolivar novel, which showed Latin America's greatest hero as a man of foibles rather than the ascetic saint of history books.

"I didn't study literature at the university. I studied law for three years. Then I studied at the Experimental Center for the Cinema in Rome, and later on I taught at the film school of the National University here in Mexico," where he has lived, on and off, since the 1960s.

The films might never have been made were it not for García Márquez's continuing involvement with the Foundation for the New Latin American Film. He has been president of that organization, which operates an institute for aspiring Latin American filmmakers just outside Havana since its founding in 1985, and spends six weeks there each year, teaching a workshop on screen-writing.

"The idea of the foundation is to forge a unitary Latin American cinema, recognizing that each nation has its own characteristics and culture, but taking into account the common features," he said. "I think the reason our cinema has not flourished until now is this continental division, with nothing but dispersed efforts. Obviously, all of this forms part of a bigger idea I have, which is the total integration of Latin America, as Bolivar saw it."

It is not possible, García Márquez said, to create "a single film aesthetic" to encompass all of Latin America. But with the proper encouragement and working conditions, he believes, Latin American filmmakers can achieve the same prominence and impact around the world that novelists and musicians from the region have over the last 25 years.

"The distance between the tango and salsa is enormous, but it's all recognized as Latin American music," he said.

Guest lecturers at the institute have included movie professionals ranging from Francis Ford Coppola and Robert Redford to Jean-Claude Carrière, former screenwriter for Luis Buñuel.

But money — for equipment, scholarships and travel — is always a problem, and García Márquez saw "Dangerous Loves" as a way to alleviate it.

"This project was born of necessity," he said. "We needed money for the school, which spends between $500,000 and $750,000 a year." When Spanish television made the right offer, he agreed to the project as a way to promote the foundation and relieve some of its financial pressures.

As indicated by the title of the series, García Márquez has taken as his subject the most profound of human emotions, in forms ranging from erotic ardor to parental tenderness and fraternal camaraderie — but always with an emphasis on dark passion.

Of the six films, all of which are based either on short stories or chronicles that García Márquez has written or are taken from fragments of his novels, four end violently, with leading characters being killed, and even in the others, death pervades the atmosphere. ■

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Imamura's 'Black Rain' *Continued from page 7*

"Black Rain" among Imamura's three masterpieces, the others being "Intentions of Murder" and "The Profound Desire of the Gods" (1968), about the clash of primitive and modern culture in postwar Okinawa.

"Black Rain's" plot revolves around the efforts of Shigematsu Shizuma and his wife, wealthy landowners in a village outside Hiroshima, to marry off their niece, Yasuko, by countering rumors that she was in central Hiroshima when the city was bombed.

After the opening episode the film moves to the early 1950s, when victims of the explosion were the objects of discrimination throughout Japan. "Black Rain's" three main characters, all of whom were, in fact, exposed to atomic radiation, live as "a community bound by the bomb," as Shigematsu puts it.

It is an uncharacteristically subtle and understated treatment when compared with Imamura's early films. But critics link it closely to them, and not just because Imamura chose to shoot it in black and white.

"This is a welcome return to the extraordinarily compassionate control of Imamura's best pictures," says Donald Richie, the preeminent critic of Japanese film. "His style has never been more concise, his timing is immaculate. He simply never loses control."

IT is a return in another sense, as well. Imamura's career has often been seen as a long rebellion *against* Yasujiro Ozu, the formalist master under whom Imamura worked before directing his own films. Where Ozu might have spent an hour arranging a couple of sofa cushions before making a shot, the random chance, the chaos of life were what Imamura wanted to capture on film.

If the subject has not essentially changed — who else has found humor in Hiroshima, as Imamura has? — the treatment is substantially more mature.

"Ozu described people as if they were static, never changing shape, like tennis rackets, and I resisted him for this," Imamura said. "I want to show that people live vividly in spite of sadness, and that they change whenever you touch them. But Ozu brought me up — I admit that now. I've recently come to understand his direction much better than I did."

Nowhere is this more apparent than in the formal structure of "Black Rain" and in its many interior scenes, which mostly consist of people sitting, standing, talking, moving. "Black Rain's" other outstanding effect is the quality of its light. Many scenes are as luminous as Minor White photographs, a result that Imamura said required reshooting some over and over again.

Imamura is now following his film to festivals in Montreal (Aug. 24-Sept. 4); Telluride, Colorado, (Sept. 1-9); San Sebastian, Spain, (Sept. 15-23), and New York (Sept. 22-Oct. 9). But in spite of the critical acclaim "Black Rain" has already won, it is not expected to earn back the $3.5 million spent on production, a high figure for a serious film in Japan.

Shohei Imamura, director of "Black Rain."

At 63, then, Imamura will shortly assume the same struggle for financing his next film that most other Japanese directors face. It will be a documentary, Imamura said, on the passing of skills among Japanese craftsmen from one generation to the next.

As that project suggests, Imamura remains a poet of popular Japanese culture, as opposed to the official high culture of tea ceremonies and *ikebana*. By way of shorthand, Richie calls Imamura "the opposition party;" in a reference to the current imperial era, the filmmaker describes himself as "a Heisei bum, not a Heisei nobleman."

"And I'm proud of that," he added. ■

Herald International Tribune

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Paris, September 26-30, 1989

The first-ever open scientific debate among Western, Soviet and Japanese historians on the sequence of events leading to the Second World War.

• THE PROGRAM •

Simultaneous translation: English - French - Russian, with testimony, observations and questions from the floor.

Opening address: Jean-Baptiste Duroselle, Membre de l'Institut de France

I. "The Road to War"
François Bédarida, Directeur de l'Institut d'histoire du Temps présent, introduction of the theme
Aleksandr Oganovich Chubarian, Director, Institute of World History, Moscow, "The failure of the Moscow talks"
Aleksandr Nekrich, Harvard University, "The two Nazi-Soviet pacts and their consequences"
Klaus-Jörg Müller, Universität der Bundeswehr, Hamburg, "The German opposition to both Hitler and Stalin"
Respondent: **John A. Lukacs,** Chestnut Hill College, Pennsylvania, and Princeton University

II. "The Abandonment of Poland and the Phony War"
Maurice Vaïsse, Université de Reims, introduction of the theme
Reiner Pommerin, Friedrich-Alexander-Universität, Erlangen, "The failure of the West European democracies to strike in the West"
Charles Higham, Los Angeles; former Regents' Professor, University of California at Santa Cruz, "US policy and private American aid to Nazi Germany"
Vyacheslav Dashichev, Institute of Socialist World Economy, Moscow, "The Phony War: the correspondence between Moscow and the Soviet embassies in Paris and London"
Respondent: **Jean Vanvelkenhuyzen,** Directeur du Centre de recherches et d'études historiques de la Seconde Guerre mondiale, Brussels

III."Poland under Occupation"
Richard F. Staar, Hoover Institution on War, Revolution and Peace, Stanford, introduction of the theme
Keith Sword, University of London, "The division of Poland"
Antoni Czubinski, Director, Instytut Zachodni, Poznan, "Western Poland under Nazi occupation"
George Urbaniak, Wilfrid Laurier University, Canada, "Eastern Poland under Soviet occupation"
Respondent: **Yuri Afanasyev,** Rector, Soviet Institute of Historical Archives

IV. "The Implications of the Soviet-German Pacts for the Western European Democracies"
Brian Bond, Professor of Military History, King's College, London, introduction of the theme
Philip Bell, University of Liverpool, "The implications for Great Britain (August - December 1939)"
Jean Laloy, Ambassadeur de France, "The implications for France (August 1939 - June 1940)"
Harry Hanak, University of London, "The implications for Great Britain (January 1940 - June 1941)"
Respondent: **Gabriel Gorodetsky**

V. "The Nippo-Soviet Rapprochement and the Reaction of Nazi Germany"
Philippe Richer, Conseiller d'Etat, introduction of the theme
Sergei Leonidovich Tikhvinsky, Academy of Sciences, Moscow, "Soviet strategy in the rapprochement with Japan"
Yutaka Akino, Tsukuba University, "Japanese reaction to the Hitler-Stalin Pact"
Sumio Hatano, Tsukuba University, "Japanese strategy in its rapprochement with the USSR"
Bernd Martin, Universität Freiburg-im-Breisgau, "Germano-Japanese relations after the Hitler-Stalin Pact and German reaction to the Nippo-Soviet rapprochement"
Respondent: **Donald Detwiler,** Southern Illinois University

VI. "The Finno-Russian War"
Jukka Nevakivi, University of Helsinki, introduction of the theme
Roy A. Medvedev, Moscow, "The Finno-Russian War: the Soviet purpose"
Olli Vehvilainen, University of Tampere, "The Finno-Russian War: the Finnish purpose"
Victor-Yves Ghebali, Institut Universitaire des Hautes Etudes Internationales, Geneva, "The expulsion of the USSR from the League of Nations"
Respondent: **John C. Cairns,** *University of Toronto*

VII. "The Italian Question" "The Annexation of the Baltic States"
Pierre Milza, Institut d'Etudes politiques de Paris, introduction of the theme
Romain Rainero, Director, Istituto di Studi Storici, Università degli Studi di Milano, "The mobilization of public opinion in Italy against the Western democracies"
Pierre Guillen, Université de Grenoble, "Franco-Italian relations, April - June 1940"
Denis Mack Smith, Oxford University, "Anglo-Italian relations, April - June 1940"
Edgar Anderson, San José State University, California, "The Baltic States, August 1939 - June 1941"
Respondent: **Heino Arumäe,** Estonian Academy of Sciences, Tallinn

VIII. "The Balkan Question", The Summing-up
Ronald Hilton, President, California Institute of International Studies, Stanford, introduction of the theme
Vladimir Constantine Volkov, Director, Institute of Slavonic and Balkan Studies, Moscow, "Nazi and Soviet Moves in the Balkans"
Respondent: **Marc Ferro,** Directeur de l'Institut du Monde Soviétique et de l'Europe centrale et orientale, Paris
Robert O'Neill, Chichele Professor of the History of War, Oxford University, The Summing-up for the Western democracies
Aleksandr Oganovich Chubarian, The Summing-up for the Soviet Union

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Thursday's MARKET DIARY

Via The Associated Press

NYSE Most Actives

	Vol.	High	Low	Last	Chg.
CntlBk n	23885	25	24¾	25	+¼
HewlPk	20494	52⅛	50¾	50¾	−1¾
GlfStUt	19930	12⅝	12	12⅝	+⅜
TexUtil	17005	32⅜	32½	32¾	
CmpAs s	16712	16	15⅝	16	+½
Navistr	15220	5⅛	4⅞	4⅞	−¼
BristMy	14642	48⅛	47¾	47¾	−⅛
Exxon	14454	44⅛	43½	43¾	−⅝
Norsk s	13872	23⅞	21⅞	22⅞	+1⅛
AT&T	13393	39½	38½	39⅜	+¼
UAL Cp	13055	267¼	262¼	266½	+14¾
Compaq	12811	91⅞	88⅞	90	−2
Marion	12598	36	35⅝	35⅝	
Rorer	12053	46⅞	44¼	46⅝	+2
McDnl s	11365	29½	29	29¼	+⅛

Market Sales

NYSE 4 p.m. volume	157,560,000
NYSE prev. cons. close	179,465,100
Amex 4 p.m. volume	15,180,000
Amex prev. cons. close	17,505,000
NASDAQ 4 p.m. volume	136,318,800
NASDAQ prev. 4 p.m. volume	129,246,000
NYSE volume up	45,870,100
NYSE volume down	83,814,600
Amex volume up	6,156,300
Amex volume down	6,207,100
NASDAQ volume up	50,360,735
NASDAQ volume down	40,069,881

NYSE Index

	High	Low	Close	Ch'ge
Composite	192.68	191.33	191.95	−0.69
Industrials	231.08	229.44	230.11	−0.97
Transp.	198.36	197.31	197.69	+1.29
Utilities	92.55	92.03	92.28	−0.25
Finance	164.70	163.86	164.26	−0.52

AMEX Diary

	Close	Prev.
Advanced	323	279
Declined	347	370
Unchanged	267	295
Total Issues	846	844
New Highs	24	29
New Lows	8	12

NASDAQ Index

	Close	Ch'ge	Week Ago	Year Ago
Composite	448.82	+0.04	443.55	377.22
Industrials	445.89	+0.14	447.93	381.34
Finance	548.85	−0.79	549.42	462.41
Insurance	538.48	−2.16	541.41	415.04
Utilities	719.78	+1.87	721.80	436.27
Banks	485.65	+0.03	488.00	454.71
Transp.	463.50	+1.63	463.54	367.61

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
FruitL	18344	15½	14½	14⅞	+⅛
WangB	10484	5⅝	5½	5⅝	−⅛
TexAir	9380	18⅛	17⅞	18⅛	+¼
BAT	6642	12⅞	12⅝	12⅝	−⅛
BolrPh	3982	24⅞	25⅞	25⅞	+2
Atari	4089	9¾	9½	9½	−¼
EchoBy	4083	14⅞	14⅝	14⅝	−⅛
TelPet	3950	23⅛	22⅜	22⅜	−1⅛
MagmC	3731	7½	7⅜	7⅜	
Kirby	3162	8⅛	8	8	+⅛
Amdhl	2976	14⅞	14⅝	14⅝	+⅛
Gundle s	2540	17¼	17⅛	17¼	+⅛
MichStr	2471	9⅛	9⅛	9⅛	−⅛
Alza	2212	35⅛	34⅝	34⅞	−⅛
InfTch	2179	4½	4	4¼	+⅛

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	93.11	−0.19
Utilities	93.71	−0.32
Industrials	92.51	−0.07

NYSE Diary

	Close	Prev.
Advanced	563	819
Declined	890	662
Unchanged	535	512
Total Issues	1988	1993
New Highs	55	89
New Lows	16	12

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
Aug. 16	462,031	546,870	10,273
Aug. 15	430,830	570,711	23,546
Aug. 14	349,804	651,461	51,254
Aug. 11	367,873	793,784	89,490
Aug. 10	439,540	742,378	83,045

*Included in the sales figures

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2693.47	2703.72	2663.13	2679.63	−13.66
Trans	1429.77	1437.59	1414.12	1428.34	+26.67
Util	217.93	218.81	215.54	216.55	−1.76
Comp	1071.48	1076.15	1059.56	1067.39	+2.08

Standard & Poor's Index

	High	Low	Close	Ch'ge
Industrials	396.41	392.51	394.27	−1.46
Transp.	308.56	304.74	307.27	+2.21
Utilities	139.97	138.62	139.04	−0.56
Finance	33.21	32.86	33.00	−0.14
SP 500	346.39	342.97	344.45	−1.21
SP 100	322.47	319.25	320.78	−1.03

NASDAQ Diary

	Close	Prev.
Advanced	886	1,008
Declined	1,042	946
Unchanged	2,472	2,448
Total Issues	4,400	4,402

AMEX Stock Index

High	Low	Close	Ch'ge
379.72	377.74	378.34	−1.26

Freeman Says He Will Plead Guilty to Fraud

The Associated Press

NEW YORK — An executive at Goldman Sachs & Co. said Thursday he would plead guilty to one criminal charge of insider trading following a two-year investigation.

Robert Freeman, who was charged in 1987, said in a resignation letter that he "never conspired" to swap inside information and called the charges he originally faced "totally false."

But Mr. Freeman, head of the firm's arbitrage operation, said he would plead guilty to spare his family "the turmoil" of the case and would resign from Goldman because the case hindered his work.

Mr. Freeman agreed to plead guilty to mail fraud in connection with trades in the stock of Beatrice Cos. in 1986.

Bond Reversal Aborts NYSE Rally

United Press International

NEW YORK — Stock prices closed mostly lower Thursday on the New York Stock Exchange, as weaker bond prices caused investors to abort an opening rally sparked by a report on the U.S. merchandise trade deficit in June.

The Dow Jones industrial average, which rose 5.51 points Wednesday, dropped 13.66 to close at 2,679.63.

Broader market indicators also tumbled. The New York Stock Exchange composite index fell 0.69 to 191.95 and Standard & Poor's 500-stock index skidded 1.21 to 344.45. The price of an average share lost 14 cents.

Declines led advances by an 8-5 margin. Volume totaled 157.5 million shares, compared with 150 million shares traded Wednesday.

Early jumps in the bond market drove stock prices higher at the opening after the government said record exports and lower imports drove the nation's trade deficit sharply down in June.

But while the trade deficit was well below forecasts, analysts said bond prices gave up their early gains after investors focused on the rise in June exports, which suggested persistent economic strength and cut the chances of any near-term easing in interest rates by the Federal Reserve.

The reversal in bond prices sparked a similar move in stocks, which also faced pressure from concerns about Friday's report on July consumer prices and expiration of August stock-index futures and options, analysts said.

Trude Latimer, a market analyst with Josephthal & Co., said airline issues outperformed other stocks due to a sweetened takeover bid for UAL Corp.

As a result, the Dow Jones transportation average soared 26.77 to a record close of 1,428.34.

The investor Marvin Davis said he was prepared to raise his bid Wednesday for the owner of United Airlines to $275 a share, following news that UAL management was negotiating with its pilots' union on a new contract and possible employee ownership.

"Without Marvin Davis, this market would be dull," Ms. Latimer said.

On the trading floor, Continental Bank was the most active NYSE issue, rising ¼ to 25.

Hewlett-Packard followed, falling 1¾ to 50¾.

Gulf States Utilities was third, adding ⅝ to 12⅝.

UAL Corp. jumped 14¾ to 266½. Elsewhere in the airline sector, AMR, owner of American Airlines, moved up 1½ to 75¾; and Delta Air Lines climbed 1 to 75¼.

AT&T rose ¼ to 39⅜. IBM fell ¾ to 114¾.

Among other blue chips, Merck & Co. fell ½ to 75⅞, and Union Carbide slid ¼ to 28⅛.

Prices closed lower in moderate trading on the American Stock Exchange.

The Amex Market Value index fell 1.26 to 378.34. The price of an average share lost 5 cents.

World Stock Markets

Via Agence France Presse. Closing prices in local currencies, Aug. 17

Amsterdam

	Close	Prev.
ABN Bank	45.20	45.50
ACF Holding	47.20	46.50
Aegon	111.40	111.70
Ahold	137.20	138.10
Akzo	148.80	149
AMEV	58.70	58
A'Dam Rubber	7.30	7.20
Amro Bank	89.10	88.80
Bols	155	155
Buhrmann Tett	71.30	71.80
BVG	22.10	22.10
Center Parcs	68	71
CSM	72	72.30
DAF	58	58.30
DSM	135.60	135.40
Elsevier	82.30	81.50
Fokker	46.50	46.50
Gist-Brocades	34.30	34.40
Heineken	133.20	133
Hoogovens	117.60	116.80
Hunter Douglas	117	117.80
IHC Caland	32.30	32.80
Inter Mueller	110	109.70
KLM	56	56.20
KNP	55.80	56.10
Nat Neder	71	70.30
Nedlloyd	94.90	94.70
NMB Bank	283	282.50
Oce Grinten	307	308
Pakhoed	148.10	142
Philips	41.20	41.10
Robeco	112.70	112.30
Rodamco	161.10	160.90
Rolinco	112.60	112.20
Rorento	62.20	62.30
Royal Dutch	147.70	147
Unilever	159	157.60
Van Ommeren	45.70	46.60
VMF Stork	40.60	41.90
VNU	104	102
Wessanen	95.70	96.30
Wolters/Kluwer	51.40	50.60

Indice CBS : 198.70
Previous : 198.40

Brussels

	Close	Prev.
Arbed	5950	5990
Bekaert	14525	14600
Cockerill	390	357
Cobepa	6340	6270
Delhaize	6340	6280
EBES	4360	4520
GB-Inno-BM	1448	1444
GBL	4900	4730
Gevaert	8880	8850
Hoboken	18000	17950
Intercom	3635	3630
Kredietbank	4335	4300
Petrofina	12850	12900
Royal Belge	5750	5780
Soc Gen Bque	6600	6550
Sofina	13850	13850
Solvay	14350	14325
Tractebel	9640	9730
UCB	11800	11850
Unerg Ps	2600	2635

Current Stock Index : 6400.55
Previous : N.A.

Frankfurt

	Close	Prev.
AEG	236.50	225
Allianz Hldg	2145	2155
Altana Ind	452	447
Asko Dt. Kfhs	920	914
BASF	297	296.80
Bayer	309.70	314
Bay. Hypo bank	404	406
Bay Vereinsbank	391	393
BBC	499.90	500
BHF	455	454
BMW	601.50	602
Commerzbank	254.50	254.50
Continental	311.30	313
Daimler-Benz	786	791.50
Degussa	511	509.50
Dt Babcock	215.50	215
Deutsche Bank	654	654.10
Dresdner Bank	354	354.50
Feldmuehle	415.20	416.50
Harpener	455	454
Henkel	553	554.50
Hochtief	734.50	739.50
Hoechst	275.80	278.20
Hoesch	240	242
Holzmann	915	918
Horten	285.50	286
Hussel	450	450
Ind Wke Karls	330	333
Kali Salz	220	218.20
Karstadt	592	595.50
Kaufhof	512	517
KHD Kloeckner	192	188
Kloeckner Werke	159.10	158.90
Krupp Stahl	213.50	215
Linde	795	799.50
Lufthansa	180	181
MAN AG	359	354.50
Mannesmann	253.50	253.30
Metallgesell	459	459
Muench Rueck	2615	2645
Nixdorf	353.70	349.50
PKI	563	563
Porsche	837	834
Preussag	297.50	297
PWA Papier	311.80	304.10
RWE	340	341
Rheinmetall	415	413
Schering	746	744
SEL	340	344
Siemens	594.50	598
Thyssen AG	233.50	232.40
Varta	404	399.50
Veba	343.20	345.50
VEW	[illegible]	[illegible]
Viag	353	354.50
Volkswagen	470	469.50
Wella Vz	664	668

Commerzbank Index : 1945.20
Previous : 1962
FAZ Index : 659.27
Previous : 665.82

Helsinki

	Close	Prev.
Amer A	145	144
Enso-Gutzeit	34.40	34.20
K.O.P.	89	88
Kymmene	116	116
Nokia	112	110
Pohjola	250	252
Stockmann	285	280
Utd Paper	117	117
Wartsila	375	370

Unitas Index : 774.90
Previous : 772.30

Hong Kong

	Close	Prev.
Bk East Asia	14.40	14.60
Cathay Pacific	8.50	8.60
Cavendish Int'l	3.15	3.22
Cheung Kong	8.25	8.35
China Light Pwr	12.10	12.30
Dairy Farm Int'l	7.15	7.45
Hang Lung Dev	4.90	4.92
Hang Seng Bank	30.40	30.90
Henderson Land	4.35	4.40
HK Air Eng.	20.80	20.80
HK China Gas	17.10	17.40
HK Electric Hdgs	7.40	7.80
HK Land Hold.	8.20	8.40
HK Realty Trust	4.85	4.97
HK Shang Bank	5.75	5.85
HK Shai Hits	5	5.05
HK Telecomm	4.77	4.80
HK Ferry	4.92	4.90
Hutch Whampoa	8.60	8.40
Hysan Dev	1.35	1.36
Jardine Math.	21.30	21
Jardin Strat Hdg	12.20	12.10
Kowloon Motor	7.30	7.35
Mandarin Orient	5.10	5.10
Miramar Hotel	4.05	4.15
New World Dev	10.20	10.30
SHK Props	11.20	11.30
Stelux	2.37	2.42
Swire Pac A	16	16.20
Tai Cheung Props	4.72	4.25
TVE	0.94	0.96
Wharf Hold.	9	9.05
Wing On Co	7.10	7.15
Winsor Ind.	8.75	8.75
World Int'l Hdgs	3.75	3.77

Hang Seng Index : 2616.98
Previous : 2635.90

Johannesburg

	Close	Prev.
AECI	1950	1925
Altech	8500	8500
Anglo Amer Corp	10050	10150
Barlows	4450	4425
Blyvoor	1040	1040
Buffels	4750	4950
GFSA	8575	8625
Harmony	2025	2025
Highveld Steel	2050	2075
Kloof	3475	3725
Nedbank Grp Ltd	950	950
Rusplat	4700	6725
SA Brews	2710	2700
St Helena	2950	2975
Sasol	1270	1285
Welkom	2275	2275
Western Deep	14300	14500

Composite Stock Index : 2788
Previous : 2793

London

	Close	Prev.
Allied Lyons	538	545
Ass Gold	41.87	41.87
Anglo Amer Corp	15.27	15.40
Assoc Brit Foods	378	383
Argyll Gp	238	242
Barclays Plc	522	515
Bass	11.13	10.90
B.A.T.	813	821
Blue Circle	264	267
Boc Group	538	[illegible]
Boots	266	[illegible]
Bowater Ind.	515	[illegible]
British Aerospace	506	[illegible]
British Airw. Auth	307	[illegible]
British Airways	199	[illegible]
British Gas	211	211
British Petroleum	296	[illegible]
British Steel	124	[illegible]
British Telecom	268	[illegible]
BTR	477	[illegible]
Burmah Oil	650	[illegible]
Cable Wireless	583	[illegible]
Cadbury Schwep	408	[illegible]
Charter Cons.	571	571
Commerc. Union	411	418
Cons Gold Field	14.75	14.75
Cookson Group	381	378
Courtaulds	361	365
Dalgety	413	413
De Beers	14.50	14.50
Dixons	165	167
Driefontein	10.62	10.62
Fisons	349	348
Freegold (USD)	6.50	6.62
Gateway	236	236
Gen Accid Fire L	10.08	10.25
Genl Electric C	278	275
GKN	472	473
Glaxo	15.37	15.19
Grd Metropol Plc	638	630
Great Univ Stores	15.75	15.75
Guard Ryl Ex	215	214
Guinness Plc	591	595
Hanson Tr Plc	232	224
Hawker Siddeley	770	772
ICI Plc Stk Uts	12.78	12.85
Jaguar Plc	404	396
Kingfisher	338	336
Land Sec Plc	602	597
Legal Gen Grp	344	348
Lloyds Bank Plc	352	354
Lonrho Plc	296	294
Lucas Ind Plc	710	705
Marks Spencer	217	214
Maxwell Comm	194	192
MB Group New	213	214
Midland Bk Plc	[illegible]	[illegible]
Natl Westm Bank	[illegible]	[illegible]
Pearson Grp	[illegible]	[illegible]
P and O	[illegible]	[illegible]
Pilkington	[illegible]	[illegible]
Plessey	[illegible]	[illegible]
Prudential Corp	[illegible]	[illegible]
Racal Electronics	[illegible]	[illegible]
Randfontein S	[illegible]	[illegible]
Rank Org	[illegible]	[illegible]
Reed Intl	[illegible]	[illegible]
Reuters	[illegible]	[illegible]
Rolls Royce	[illegible]	[illegible]
Royal Dutch	42.50	42.50
RTZ Corp	[illegible]	[illegible]
Saatchi	[illegible]	[illegible]
Sainsbury	[illegible]	[illegible]
Sears Holds	[illegible]	[illegible]
Shell	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
STC Plc	368	364
Std Chart Bank	[illegible]	[illegible]
Storehouse	[illegible]	[illegible]
Sun Alliance Ins	[illegible]	[illegible]
Tate and Lyle	[illegible]	[illegible]
Tesco	[illegible]	[illegible]
Thorn Emi	[illegible]	[illegible]
T.I. Group	[illegible]	[illegible]
Trafalgar House	[illegible]	[illegible]
Trusthse Forte	[illegible]	[illegible]
Ultramar	[illegible]	[illegible]
Unilever	[illegible]	[illegible]
Utd Biscuits	[illegible]	[illegible]
Vickers	[illegible]	[illegible]
War Loan 3½%	38¾	38⅝
Wellcome	508	508

F.T. 30 Index : 1975.00
Previous : 1961.80
F.T.S.E. 100 Index : 2346.00
Previous : 2343.50

Madrid

	Close	Prev.
Bco. Bilbao/Viz.	846	842
Bco. Central	1005	1005
Bco. Santander	843	843
Banesto	1095	1095
CEPSA	304	306
Dragados	645	646
Hidroelec. Esp.	N.Q.	
Iberduero	119.50	119.42
Telefonica	213.50	207.75

General Index : 312.14
Previous : 311.42

Milan

	Close	Prev.
Banca Comm	5520	5330
Bastogi	470	490
Cigahotels	5010	4930
CIR	4050	4010
Cred Ital	4270	3810
Eridania	7550	7450
Ferruzzi Fin.	3330	3250
Ferruzzi Agr.	2715	2800
Fiat SPA	11410	11500
Generali	45800	44850
IFI	25900	25100
Italcem	130600	129800
Italgas	2400	2540
Italmobiliare	19850	19420
Mediobanca	27400	25800
Montedison	2572	2495
NBA	1865	1850
Olivetti	9110	9050
Pirelli	3950	3820
RAS	31050	30400
Rinascente	6535	6400
Saipem	2870	2790
SIP	3530	3340
SME	4145	4030
Snia	3300	3150
Standa	26260	24700
Stet	3720	4870
Toro Assi Risp	25600	24950

a: x100.
MIB Index: 1192
Previous : 1167

Paris

	Close	Prev.
Accor	773	777
Air Liquide	621	625
Av Dassault	640	648
Bancaire	709	710
BIC	739	740
Bongrain	3218	3211
Bouygues	740	740
BSN-GD	736	734
Carrefour	3343	3335
Cerus	435	435
C.G.E.	440	442.50
Chargeurs	1228	1230
Club Med	615	617
Dumez	1048	1076
Elf-Aquitaine	484.20	485.50
Europe 1	869	876
Gen. Eaux	2151	2157
Hachette	451.10	457
Havas	1134	1130
Imetal	342	341.20
Lafarge Coppee	1733	1745
Legrand	3930	3999
Oreal (L')	4495	4475
L.V.M.H.	4420	4385
Matra	374	372
Merlin Gerin	4760	4750
Michelin	180.50	180
Moulinex	143.10	142.50
Occidentale	923	918
Paribas	506	506
Pernod-Ricard	1432	1446
Perrier	1614	1624
Peugeot	911	913
Printemps (Au)	807	805
Radiotechnique	613	621
Raff. St. Louis	1391	1415
Redoute (La)	4160	4000
Roussel Uclaf	1820	1800
Saint Gobain	664	667
Sanofi	1006	995
Skis Rossignol	1200	1210
Societ. Generale	515	515
Suez	384	381
Telemecanique	3450	3450
Thomson-CSF	208.30	203.50
Total	495	495
Valeo	848	845

Bourse trend index : −0.09%
Previous : −0.84%

Singapore

	Close	Prev.
Cerebos	5.15	5.20
City Dev.	4.38	4.40
DBS	11.30	11.40
Fraser Neave	9.75	9.85
Genting	[illegible]	[illegible]
Harrisons Plant	[illegible]	[illegible]
How Par	[illegible]	[illegible]
Hume	[illegible]	[illegible]
Inchcape	5.85	[illegible]
Keppel	5.25	5.30
KL Kepong	3.06	3.10
Lum Chang	1.70	1.74
Malayan Banks	7.30	7.30
OCBC	10.20	10.10
OUB	4.38	4.44
OUE	7.90	[illegible]
Sembawang	4.90	4.90
Shangri-la	5.90	[illegible]
Sime Darby	3.44	3.48
SIA	14.90	14.90
S'pore Land	13.20	13
S'pore Press	7.15	7.20
Sing Steamship	3.44	3.42
Straits Trading	4	4.02
UOB	5.85	5.90
United Overseas	2.37	2.43

Straits Times Ind. : 1375.56
Previous : 1377.30

Sao Paulo

Aug. 16

	Close	Prev.
Banco do Brasil	0.53	0.50
Bradesco	0.06	0.05
Brahma	0.04	0.04
Paranapanema	0.06	0.06
Petrobras	2.11	2.14
Varig	0.93	0.86

Bovespa Index: 14135
Previous : 13748

Stockholm

	Close	Prev.
AGA	245	245
Alfa Laval	785	780
Asea	[illegible]	[illegible]
Astra -A	[illegible]	[illegible]
Atlas Copco	[illegible]	[illegible]
Electrolux B	[illegible]	[illegible]
Ericsson	[illegible]	[illegible]
Esselte-A	[illegible]	[illegible]
Handelsbanken	[illegible]	[illegible]
Pharmacia-A	[illegible]	[illegible]
Norsk Hydro	154	150.50
Saab-Scania	[illegible]	[illegible]
Sandvik	[illegible]	[illegible]
SCA-A	[illegible]	[illegible]
S-E. Banken	[illegible]	[illegible]
Skandia Int-A	[illegible]	[illegible]
Skanska	[illegible]	[illegible]
SKF	184	174
Stora	[illegible]	[illegible]
Swedish Match B	[illegible]	[illegible]
Volvo	[illegible]	310

Affaersvaerlden : 1335.40
Previous : 1349

Sydney

	Close	Prev.
ANZ	5.18	5.20
BHP	10.15	10.15
Boral	4.20	4.12
Bougainville	2.09	2.12
Coles Myer	9	8.88
Comalco	4.35	4.26
CRA	11.05	10.80
CSR	5.14	5.16
Dunlop	5.34	5.22
Elders IXL	3	2.98
ICI Australia	4.50	4.50
Magellan	1.85	1.85
MIM	2.58	2.58
Nat Aust Bank	4.34	4.34
News Corp	17.75	17.70
N Broken Hill	2.40	2.38
Poseidon	2.50	2.58
QCT Resources	1.35	1.34
Santos	4	4.05
Thomas Nation	3.73	3.75
Western Mining	4.30	4.30
Westpac Banking	5.12	5.14
Woodside	2.86	2.78

All Ordinaries Index : 1724.70
Previous : 1719.50

Tokyo

	Close	Prev.
Akai Electr	770	740
Asahi Chemical	[illegible]	[illegible]
Asahi Glass	[illegible]	[illegible]
Bank of Tokyo	[illegible]	[illegible]
Bridgestone	[illegible]	[illegible]
Canon	[illegible]	[illegible]
Casio	[illegible]	[illegible]
C.Itoh	[illegible]	[illegible]
Dai Nippon Print	[illegible]	[illegible]
Daiwa House	[illegible]	[illegible]
Daiwa Securities	[illegible]	[illegible]
Fanuc	[illegible]	[illegible]
Fuji Bank	[illegible]	[illegible]
Fuji Photo	[illegible]	[illegible]
Fujitsu	[illegible]	[illegible]
Hitachi	[illegible]	[illegible]
Hitachi Cable	[illegible]	[illegible]
Honda	[illegible]	[illegible]
Ito Yokado	[illegible]	[illegible]
Japan Air Lines	17700	16400
Kajima	[illegible]	[illegible]
Kansai Power	[illegible]	[illegible]
Kawasaki Steel	[illegible]	[illegible]
Kirin Brewery	[illegible]	[illegible]
Komatsu	[illegible]	[illegible]
Kubota	[illegible]	[illegible]
Kyocera	[illegible]	[illegible]
Matsu Elec Inds	[illegible]	[illegible]
Matsu Elec Wks	[illegible]	[illegible]
Mitsubishi Bk	[illegible]	[illegible]
Mitsubishi Kasei	[illegible]	[illegible]
Mitsubishi Elec	[illegible]	[illegible]
Mitsubishi Hev	[illegible]	[illegible]
Mitsubishi Corp	[illegible]	[illegible]
Mitsui and Co.	[illegible]	[illegible]
Mitsukoshi	[illegible]	[illegible]
Mitsumi	[illegible]	[illegible]
NEC	[illegible]	[illegible]
NGK Insulators	[illegible]	[illegible]
Nikko Securities	[illegible]	[illegible]
Nippon Kogaku	[illegible]	[illegible]
Nippon Oil	[illegible]	[illegible]
Nippon Steel	[illegible]	[illegible]
Nippon Yusen	[illegible]	[illegible]
Nissan	[illegible]	[illegible]
Nomura Sec	[illegible]	[illegible]
NTT (Yr Salary)	[illegible]	[illegible]
Olympus Optical	[illegible]	[illegible]
Pioneer	[illegible]	[illegible]
Ricoh	[illegible]	[illegible]
Sanyo Elec	[illegible]	[illegible]
Sharp	[illegible]	[illegible]
Shimazu	[illegible]	[illegible]
Shinetsu Chem	[illegible]	[illegible]
Sony	[illegible]	[illegible]
Sumitomo Bk	[illegible]	[illegible]
Sumitomo Chem	[illegible]	[illegible]
Sumi Marine	[illegible]	[illegible]
Sumitomo Metal	[illegible]	[illegible]
Taisei Corp	[illegible]	[illegible]
Taisho Marine	[illegible]	[illegible]
Takeda Chem	[illegible]	[illegible]
TDK	[illegible]	[illegible]
Teijin	[illegible]	[illegible]
Tokyo Marine	[illegible]	[illegible]
Tokyo Elec Pw	[illegible]	[illegible]
Toppan Printing	[illegible]	[illegible]
Toray Ind.	[illegible]	[illegible]
Toshiba	[illegible]	[illegible]
Toyota	[illegible]	[illegible]
Yamaichi Sec	[illegible]	[illegible]

Nikkei 225 : [illegible]
Previous : [illegible]
New Index : [illegible]
Previous : [illegible]

Zurich

	Close	Prev.
Adia	[illegible]	[illegible]
Alusuisse	[illegible]	[illegible]
Bank Leu	[illegible]	[illegible]
Brown Boveri	[illegible]	[illegible]
Ciba Geigy	[illegible]	[illegible]
Credit Suisse	[illegible]	[illegible]
Electrow	[illegible]	[illegible]
Fischer	[illegible]	[illegible]
Interdiscount	[illegible]	[illegible]
Jacob Suchard	[illegible]	[illegible]
Jelmoli	[illegible]	[illegible]
Landis Gyr	[illegible]	[illegible]
Moevenpick	[illegible]	[illegible]
Nestle	[illegible]	[illegible]
Oerlikon-B	[illegible]	[illegible]
Pargesa Hld	[illegible]	[illegible]
Roche Holding B	[illegible]	[illegible]
Sandoz	[illegible]	[illegible]
Schindler	[illegible]	[illegible]
Sulzer	[illegible]	[illegible]
Surveillance	[illegible]	[illegible]
Swissair	[illegible]	[illegible]
SBC	[illegible]	[illegible]
Swiss Reinsur	[illegible]	[illegible]
Swiss Volksbank	[illegible]	[illegible]
Union Bank	[illegible]	[illegible]
Winterthur	[illegible]	[illegible]
Zurich Ins	[illegible]	[illegible]

Sbc Ben Sebsie : 781.50
Previous : 780.50

Toronto

Aug. 17

Canadian stocks via AP

Sales	Stock	High	Low	Close	Chg.
24979	Abti Prce	$18	17¾	17¾	−¼
8600	Agnico E	$10½	10¼	10½	+⅛
320338	Air Canada	$14⅝	14¼	14½	−⅛
47347	Alt Energy	$19½	19¼	19⅜	−⅛
500	Alta Nat	$18	18	18	
30700	A Barick	$30½	30¼	30½	
7800	Atco I f	$10⅝	10⅝	10⅝	−⅛
164851	BCE Inc	$42⅛	41⅝	41⅝	−⅛
545329	BCED	235	217	235	+13
16350	BC Gas	$15	14⅝	14⅞	−⅛
4800	BP Canada	$17¾	17⅛	17¼	−⅛
122506	Bt Sk Nkll	199	188	188	+1
111830	Bank N S	$18½	18⅛	18⅛	−⅛
1000	Baton	$13⅝	13⅝	13⅝	
4400	BCE Mobl	$31½	31⅛	31½	+⅛
15740	Bramalea	$34⅝	34⅜	34⅝	
32393	BC Phone	$17⅞	16⅞	16⅞	−⅜
2000	Brunswk	$11⅝	11⅜	11⅝	+⅛
45839	CAE	$13⅝	13	13	
7600	CCL A	$12⅛	12	12⅛	+⅛
3385	CCL B f	$12⅛	12	12⅛	+⅛
207000	Cambior	$13⅝	13⅛	13⅛	+⅛
47063	Campeau	$19	18⅝	18⅝	+⅛
17525	C Nor West	36⅝	6⅛	6⅛	−1⅛
2650	C Packrs	$14⅝	14½	14½	−⅛
130858	Cl Bk Com	$30½	30	30¼	−⅛
4570	CP Forest	$43⅝	43	43⅛	+⅛
855859	CP Ltd	$26⅝	26¼	26⅜	−⅛
38890	CTire A f	$24	23⅝	23⅞	−⅛
1150	C Util B	$21½	21½	21½	−⅛
19950	Cantor	$28⅝	28⅛	28⅛	+⅛
12250	Celanese	$31	31	31	
1188	Cntrl Cap	$12⅝	12⅜	12⅜	
88302	Cineplex	$14⅝	13⅝	14⅛	−⅛
8800	Comwest A	$14⅛	13⅞	14⅛	+⅛
395323	Corona A f	$9⅝	9	9⅛	−⅛
700	Crownx	$13⅛	13⅛	13⅛	
7221	Denison A p	$5⅛	5	5	−⅛
40557	Denison B f	$5	490	490	−5
4900	Derlan	$12	11⅝	12	
2767	Dickhan A f	$5⅝	5⅝	5⅝	−⅛
18085	Dofasco	$27½	27¼	27¼	−⅛
250	Donohue B	$13⅛	13⅛	13⅛	−⅛
1450	Du Pont A	$26⅝	26½	26⅝	+⅛
800	Dylex A f	$10⅝	10⅝	10⅝	−⅛
6100	Emco	$11½	11½	11½	−⅛
9230	Equity Svr A	430	420	425	−5
2844	FPI Ltd	$7⅛	7⅛	7⅛	−⅛
213556	Ficnbrdge	$38⅝	38⅛	38⅝	−⅛
45610	Fed Ind A	$16	15⅞	16	+⅛
47046	Fed Pion	$13⅝	13½	13⅝	
19740	F City Fin	$37⅝	37	37⅛	+⅛
2421	Fiet CCan A	$19½	19½	19½	
1600	Fiet C Inv	$21⅝	21⅝	21⅝	
12366	Gendis A	$22	21⅞	22	
850	Gibraltar	$11⅛	11	11	−⅛
2069	Goldcorp f	425	420	420	−10
300	Graft G	$10⅛	10⅛	10⅛	
427	Hayes D	$15	14⅝	15	
24672	Hees Intl	$31½	30⅝	31⅛	
24914	Hemlo Gld	$14⅝	14⅜	14⅜	−⅛
15845	Hollinger	$14½	14⅜	14½	
28105	H Bay Co	$32⅝	32⅛	32⅝	+⅛
73098	Imasco L	$39⅝	39	39⅛	+⅛
1121	Interhome	$48⅝	48⅛	48⅛	−⅛
4300	Ipsco	$18	17⅞	18	+⅛
20770	Ivaco A f	$13⅛	12⅞	12⅞	−⅛
2200	Ivaco B	$13⅛	13	13	−⅛
26361	Jannock	$20⅛	20⅛	20⅛	−⅛
1400	Kerr Add	$20⅛	20⅛	20⅛	
31764	Labatt	$26⅝	26	26	−⅛
4950	Loblaw Co	$15	14⅝	15	+⅛
17330	Magna A f	$13⅛	12⅞	13	+⅛
300	MDS H A	$24⅝	24½	24½	
209950	Mcion H X	$13½	13⅛	13⅛	+⅛
2597	Maritime f	$17⅝	17⅛	17⅛	−⅛
8569	Mark Res	$9⅝	9	9	−⅛
1800	Memotec	$19⅝	19⅛	19⅛	
151761	Molson A f	$38⅛	38	38⅛	+⅛
68	Molson B	$38⅛	38⅛	38⅛	+⅛
37500	Noranda F	$15⅝	15½	15⅝	+⅛
193685	Noranda I	$25⅝	25	25⅛	−⅛
4189	Norcen	$26⅝	26⅝	26⅝	
500412	Nova Cor f	$10	9⅝	9⅝	−⅛
3700	Novaco W	$14⅛	14⅛	14⅛	−⅛
66130	Onex C f	$14⅝	14⅛	14⅝	+⅛
12150	Oshawa A f	$30	29⅝	29⅝	−⅛
86415	PWA Corp	$19	18⅝	18⅝	−⅛
1900	PanCan P	$30⅝	30	30⅝	
226226	Placer Dm	$19⅝	18⅝	19⅛	
52140	Poco Pete	$9⅛	9	9	
9725	Que Sturg a	145	145	145	+5
3180	Rayrock f	$8⅝	8⅛	8⅛	+⅛
95479	Renissnc	$19⅛	19	19⅛	+⅛
300	Rogers A	$145	145	145	+1
19250	Rogers B f	$125½	124⅛	125	
25	Rothman	$64⅝	64⅛	64⅛	−⅛
117380	Royal Bnk	$46	45⅝	45⅝	−⅛
53687	Ry Trco	$18⅛	18⅛	18⅛	−⅛
53641	Sceptre R	480	470	470	−5
6620	Scotts f	$19⅝	19⅛	19⅛	
15173	Sears Can	$14⅝	14⅛	14⅛	−⅛
78108	SHL Systm	$11½	11⅛	11⅛	
6400	Shell Can	$42⅝	42⅛	42⅛	−⅛
45420	SherrH	$12⅛	12⅛	12⅛	
7100	Southam	$32⅝	32⅛	32⅛	
15130	Spar Aero f	$11⅛	11⅛	11⅛	+⅛
89225	Stelco A	$23⅝	23⅛	23⅛	+⅛
5258	TCC Bev	$11⅛	11⅛	11⅛	+⅛
2100	Teck Cor A	$25	24⅝	25	+⅛
475326	Teck B f	$24⅝	23⅞	23⅞	+⅛
240520	ThomCor	$19⅛	19	19	−⅛
210182	Tor Dm Bk	$21⅝	21	21	−⅛
38975	Torstar B f	$37⅝	37	37⅛	+⅛
135312	TrnAlta U	$14⅝	14⅛	14⅛	−⅛
97893	TrCan PL	$16⅝	16⅛	16⅛	−⅛
2736	Trimac	460	455	455	−5
33891	Trilon A	$22⅝	22⅛	22⅛	−⅛
4375	Trizec A f	$28⅝	28⅛	28⅛	+⅛
59608	Turbo	64	63	64	+1
2385	Unicorp A f	$7	7	7	−⅛
7983	Un Carbid	$22⅝	22⅛	22⅛	−⅛
35679	U Entrise	$11⅝	11⅛	11⅛	+⅛
4596	Westmin	$9⅝	9½	9½	
875	Weston	$44⅛	44	44⅛	+⅛
10907	Woodwd A	325	310	310	−15

Total sales 34,746,396 shares

	Close	Previous
TSE 300 Index:	3,994.10	4,013.36

Montreal

Aug. 17

Sales	Stock	High	Low	Close	Chg.
85675	Bank Mont	$34⅛	34	34	−⅛
7000	BombrdrA	$17	16⅞	16⅞	
58581	BombrdrB	$17	16⅞	16⅞	−⅛
8466	CB Pak	$19	18⅞	19	
32175	Cascades	$07⅝	07⅝	07⅝	
25709	DomTxtA	$17⅝	17⅛	17⅛	−⅛
13050	Memotec	$19⅝	19⅛	19⅛	+⅛
152469	NatBk Cda	$14⅝	14⅛	14⅛	
23660	Noverco	$12⅝	12⅛	12⅛	+⅛
57135	Power Corp	$16⅝	16⅛	16⅛	−⅛
39644	Provigo	$10⅝	10⅛	10⅛	−⅛
2473	SteinbrgA	$50⅛	49	49	−1⅛
36240	Videotron	$19⅝	19⅛	19⅛	−⅛

Total Sales 6,640,061 shares.

	Close	Previous
Industrials Index:	1,730.32	1,743.73

The Daily Source for International Investors.

U.S. Futures

Via The Associated Press

Aug. 17

Grains

WHEAT (CBT) 5,000 bu minimum- dollars per bushel

Season High	Season Low		Open	High	Low	Close	Chg.
4.29	3.50½	Sep	3.97½	3.97½	3.95¾	3.97¼	−.02
4.40½	3.78	Dec	4.13	4.13	4.10¼	4.12	−.01¾
4.43	3.97¼	Mar	4.18½	4.18½	4.16	4.17½	−.01½
4.32	3.81	May	4.05	4.05½	4.02½	4.04	−.04
3.85	3.50½	Jul	3.70	3.71½	3.69	3.70	−.02¾
3.73	3.62	Sep				3.73½	−.03½

Est. Sales Prev. Sales 15,922
Prev. Day Open Int. 65,878 up 1,885

CORN (CBT) 5,000 bu minimum- dollars per bushel

Season High	Season Low		Open	High	Low	Close	Chg.
3.17¾	2.17	Sep	2.33½	2.36	2.33½	2.35¼	+.00¾
2.95	2.18½	Dec	2.38¼	2.39½	2.36½	2.38	−.01¼
2.86½	2.26	Mar	2.46	2.46½	2.44	2.44¼	−.02¼
2.89½	2.30	May	2.49½	2.51¼	2.49¼	2.49¾	−.01¼
2.85	2.31	Jul	2.53¼	2.53¾	2.50¼	2.51½	−.00½
2.71	2.29	Sep	2.44	2.44¼	2.42½	2.43	−.01½
2.43½	2.22	Dec	2.43½	2.44	2.40½	2.40¾	−.02½

Est. Sales Prev. Sales 35,576
Prev. Day Open Int. 145,571 off 868

SOYBEANS (CBT) 5,000 bu minimum- dollars per bushel

Season High	Season Low		Open	High	Low	Close	Chg.
9.51	5.82	Aug	6.21½	6.26	6.03½	6.08	−.15½
8.35	5.67	Sep	5.84	5.85½	5.78	5.84	+.03½
7.93	5.62	Nov	5.75	5.78	5.69½	5.75½	+.03
7.67	5.72	Jan	5.83	5.87½	5.79	5.84½	+.04¼
7.74	5.81½	Mar	5.93	5.97	5.89	5.94½	+.04
7.78	5.89	May	5.99½	6.05	5.96½	6.03	+.04½
7.31	5.93	Jul	6.03½	6.10	6.00½	6.07½	+.04½
7.05	5.88	Aug	6.00	6.03	5.97	6.02	+.05
6.40	5.78	Sep	5.91	5.92	5.86	5.89	−.04½
6.40	5.72	Nov	5.92	5.92	5.85	5.86½	−.04½

Est. Sales Prev. Sales 26,772
Prev. Day Open Int. 75,446 up 613

SOYBEAN MEAL (CBT) 100 tons- dollars per ton

Season High	Season Low		Open	High	Low	Close	Chg.
298.00	183.20	Aug	205.50	206.00	203.80	205.50	−1.00
286.00	180.10	Sep	189.80	190.20	188.00	189.40	−.90
280.00	176.50	Oct	181.30	182.90	180.00	181.60	+.30
260.00	175.50	Dec	180.80	181.80	178.80	180.70	+.50
230.00	176.10	Jan	180.50	181.70	179.00	180.70	+.10
249.20	178.00	Mar	182.00	183.00	181.00	182.50	+.50
230.50	179.00	May	182.00	184.00	182.00	184.00	+.30
208.00	179.00	Jul	183.50	185.00	182.80	185.00	+.30
185.50	179.50	Aug	183.00	183.00	183.00	184.50	
182.50	179.00	Sep				181.00	−3.50

Est. Sales Prev. Sales 16,614
Prev. Day Open Int. 60,735 off 1,433

SOYBEAN OIL (CBT) 60,000 lbs- dollars per 100 lbs.

Season High	Season Low		Open	High	Low	Close	Chg.
32.05	17.54	Aug	17.82	17.88	17.62	17.81	+.02
29.50	17.65	Sep	17.98	17.98	17.71	17.91	+.02
28.80	17.88	Oct	18.20	18.20	17.94	18.15	
28.05	18.33	Dec	18.62	18.63	18.39	18.56	−.01
25.45	18.55	Jan	18.85	18.85	18.65	18.81	+.01
25.85	18.96	Mar	19.25	19.25	19.09	19.15	−.04
26.05	19.30	May	19.55	19.56	19.42	19.42	−.08
25.80	19.50	Jul	19.80	19.80	19.65	19.65	−.15
23.90	19.50	Aug	19.65	19.65	19.65	19.62	−.18
21.70	19.50	Sep	19.65	19.65	19.65	19.62	−.18

Est. Sales Prev. Sales 14,318
Prev. Day Open Int. 69,840 off 667

Livestock

CATTLE (CME) 40,000 lbs.- cents per lb.

Season High	Season Low		Open	High	Low	Close	Chg.
74.90	65.00	Aug	74.15	74.25	73.90	73.95	−.12
76.70	66.30	Sep				74.80	
76.90	68.20	Oct	75.30	75.82	75.20	75.80	+.60
75.37	62.00	Dec	74.05	74.40	73.97	74.25	+.33
74.47	69.80	Feb	73.25	73.47	73.15	73.40	+.25
73.57	70.80	Apr	74.30	74.47	74.20	74.32	+.17
73.45	69.75	Jun	72.10	72.37	72.10	72.30	+.05
71.95	69.50	Aug	70.85	70.85	70.75	70.75	

Est. Sales 11,984 Prev. Sales 13,212
Prev. Day Open Int. 74,335 off 1,190

FEEDER CATTLE (CME) 44,000 lbs.- cents per lb.

Season High	Season Low		Open	High	Low	Close	Chg.
85.45	75.65	Aug	84.72	84.87	84.45	84.65	+.08
84.20	75.50	Sep	83.35	83.45	83.02	83.42	+.27
84.10	75.90	Oct	82.90	82.90	82.42	82.75	+.10
84.50	76.60	Nov	83.10	83.15	82.75	82.97	+.07
84.35	77.30	Jan	83.15	83.20	82.80	83.05	+.10
83.05	77.40	Mar	82.20	82.20	81.80	81.95	+.05
82.45	78.90	Apr	81.15	81.15	81.15	81.15	+.10
81.35	78.75	May	80.10	80.10	80.10	80.10	+.05

Est. Sales 1,763 Prev. Sales 1,803
Prev. Day Open Int. 12,139 off 119

HOGS (CME) 30,000 lbs.- cents per lb.

Season High	Season Low		Open	High	Low	Close	Chg.
51.00	43.25	Aug	47.40	47.95	47.35	47.85	+.70
47.00	38.55	Oct	40.65	41.10	40.60	40.87	+.25
47.25	38.75	Dec	42.15	42.37	41.92	42.20	+.21
48.00	41.75	Feb	43.40	43.45	42.95	43.17	−.08
45.10	39.40	Apr	40.90	41.10	40.60	40.67	+.15
48.70	44.25	Jun	45.45	45.55	44.90	44.92	−.35
48.95	44.95	Jul	45.70	45.72	45.20	45.40	−.30
45.60	43.85	Aug	43.90	43.90	43.90	43.90	−.35

Est. Sales 5,676 Prev. Sales 4,712
Prev. Day Open Int. 25,232 up 29

PORK BELLIES (CME) 40,000 lbs.- cents per lb.

Season High	Season Low		Open	High	Low	Close	Chg.
58.20	24.27	Aug	27.05	27.90	26.70	26.77	−.05
61.60	38.30	Feb	41.65	43.00	41.60	41.97	+.40
60.00	38.15	Mar	41.60	42.90	41.50	42.17	+.57
60.90	39.50	May	42.90	44.25	42.80	43.50	+.60
60.90	39.95	Jul	43.00	43.90	43.00	43.60	+.80
55.80	39.30	Aug	43.60	44.00	42.90	43.80	+.43

Est. Sales 6,179 Prev. Sales 5,208
Prev. Day Open Int. 13,132 up 137

Food

COFFEE C (NYCSCE) 37,500 lbs.- cents per lb.

Season High	Season Low		Open	High	Low	Close	Chg.
152.90	74.80	Sep	78.25	78.75	76.90	77.05	−.72
149.50	76.85	Dec	80.25	80.30	78.90	79.11	−.15
146.00	79.60	Mar	82.98	82.98	81.50	81.50	−.73
124.50	82.25	May	84.75	84.75	83.40	83.40	−.93
122.25	84.80	Jul	86.50	86.50	85.50	85.50	−1.10
120.00	87.00	Sep	88.50	88.50	88.50	87.20	−1.05
104.00	90.00	Dec	91.25	91.25	91.10	91.10	−.13

Est. Sales Prev. Sales 3,502
Prev. Day Open Int. 31,037 off 255

SUGAR WORLD 11 (NYCSCE) 112,000 lbs.- cents per lb.

Season High	Season Low		Open	High	Low	Close	Chg.
14.79	8.45	Oct	13.70	13.84	13.56	13.69	+.04
13.30	8.00	Jan				12.80	+.04
13.85	8.75	Mar	12.85	12.97	12.71	12.73	−.10
13.60	9.20	May	12.60	12.70	12.46	12.47	−.14
13.48	10.55	Jul	12.42	12.45	12.25	12.25	−.18
13.19	10.40	Oct	12.18	12.18	12.00	12.02	−.11

Est. Sales Prev. Sales 24,333
Prev. Day Open Int. 178,527 off 1,930

COCOA (NYCSCE) 10 metric tons- $ per ton

Season High	Season Low		Open	High	Low	Close	Chg.
1850	1127	Sep	1200	1199	1171	1180	−27
1735	1133	Dec	1230	1230	1204	1206	−32
1535	1133	Mar	1238	1239	1208	1209	−38
1465	1138	May	1251	1251	1225	1225	−40
1380	1134	Jul	1260	1260	1245	1241	−35
1400	1180	Sep	1285	1285	1264	1258	−35
1395	1314	Dec				1280	−37

Est. Sales Prev. Sales 8,815
Prev. Day Open Int. 45,097 off 2,237

ORANGE JUICE (NYCE) 15,000 lbs.- cents per lb.

Season High	Season Low		Open	High	Low	Close	Chg.
187.75	132.00	Sep	159.75	159.90	158.10	159.35	+.25
179.50	129.00	Nov	145.75	145.75	144.20	145.35	+.10
173.00	127.50	Jan	142.25	142.10	141.50	142.25	+.25
171.30	127.75	Mar	141.50	141.50	141.08	141.25	+.25
169.00	139.25	May	140.50	140.50	140.50	140.25	+.25
		Jul				139.25	+.15
160.00	142.00	Sep				139.25	+.75
		Nov				139.25	+.75
		Jan				139.25	+.75

Est. Sales Prev. Sales 1,096
Prev. Day Open Int. 7,361 off 206

Metals

COPPER (COMEX) 25,000 lbs.- cents per lb.

Season High	Season Low		Open	High	Low	Close	Chg.
122.30	110.20	Aug	126.80	126.80	126.80	126.75	+4.50
131.50	76.00	Sep	122.60	126.50	122.60	126.25	+4.40
112.00	112.00	Oct				125.00	+3.90
126.00	77.45	Dec	120.90	123.00	120.50	122.50	+2.90

Est. Sales 10,000 Prev. Sales 5,888
Prev. Day Open Int. 26,328 up 707

ALUMINUM (COMEX) 40,000 lbs.- cents per lb.

Season High	Season Low		Open	High	Low	Close	Chg.
		Aug				80.50	
104.00	76.50	Sep				80.50	
		Oct				80.50	
98.50	74.50	Dec				80.50	
82.50	82.50	Jan				79.00	
87.00	78.00	Mar				79.00	
		May				79.00	
95.50	95.50	Jul				79.00	
		Sep				79.00	
		Dec				79.00	
		Jan				79.00	
		Mar				79.00	
		May				79.00	

Est. Sales Prev. Sales 11
Prev. Day Open Int. 98 up 9

SILVER (COMEX) 5,000 troy oz.- cents per troy oz.

Season High	Season Low		Open	High	Low	Close	Chg.
516.0	509.5	Aug				524.6	+6.0
861.0	510.0	Sep	519.0	529.5	517.0	526.5	+5.8
522.5	522.5	Oct				528.4	+5.8
886.0	522.0	Dec	532.0	542.0	529.0	539.2	+5.9
815.0	530.0	Jan				542.5	+5.9
910.0	534.0	Mar	542.0	555.0	542.0	551.1	+6.0
910.0	543.0	May				559.1	+6.1
761.5	550.0	Jul				567.5	+6.2
760.0	565.0	Sep	576.0	579.0	576.0	575.9	+6.3
742.0	588.0	Dec				587.9	+6.3
688.0	596.0	Jan				591.8	+6.3
665.0	582.0	Mar				600.0	+6.3
608.0	595.0	May				608.4	+6.3

Est. Sales 20,000 Prev. Sales 12,509
Prev. Day Open Int. 89,413 up 1,892

PLATINUM (NYME) 50 troy oz.- dollars per troy oz.

Season High	Season Low		Open	High	Low	Close	Chg.
485.50	485.50	Aug				481.90	−1.70
500.00	500.00	Sep				484.10	−1.70
609.00	475.20	Oct	485.30	492.00	482.00	486.40	−1.70
601.50	478.00	Jan	488.50	495.00	486.50	490.20	−1.90
557.50	487.50	Apr	494.80	494.00	494.00	494.10	−1.70
523.70	490.00	Jul	498.50	500.00	498.50	498.00	−1.40
528.00	501.00	Oct				501.90	−1.10

Est. Sales Prev. Sales 3,425
Prev. Day Open Int. 18,729 off 573

PALLADIUM (NYME) 100 troy oz- dollars per oz

Season High	Season Low		Open	High	Low	Close	Chg.
		Aug				134.55	+.30
180.00	116.00	Sep	134.50	137.00	133.50	135.80	+.30
177.50	120.50	Dec	135.50	138.00	134.50	136.80	+.65
176.00	123.00	Mar	134.25	138.25	134.25	137.00	+.80
175.00	133.00	Jun	138.00	138.00	138.00	137.30	+1.15
149.50	133.00	Sep	136.25	136.25	136.25	137.30	+1.15

Est. Sales Prev. Sales 170
Prev. Day Open Int. 7,455 off 72

GOLD (COMEX) 100 troy oz.- dollars per troy oz.

Season High	Season Low		Open	High	Low	Close	Chg.
575.00	340.50	Aug	366.50	369.50	366.00	368.30	+.10
382.00	363.80	Sep	366.50	367.50	366.50	368.80	
578.50	364.50	Oct	370.50	372.00	368.00	370.80	−.10
514.50	367.50	Dec	373.70	375.80	371.60	374.60	−.10
516.00	372.50	Feb	377.20	378.00	377.10	378.40	
525.80	377.00	Apr	379.10	383.30	379.10	382.20	
497.00	380.20	Jun	385.00	385.00	385.00	386.10	
487.00	384.50	Aug	388.30	388.30	388.30	389.80	
472.00	391.00	Oct	391.70	391.70	391.70	393.60	
455.50	392.80	Dec				397.50	
480.00	397.50	Feb				401.40	
415.50	400.50	Apr				405.30	
414.00	404.50	Jun				409.40	

Est. Sales 35,000 Prev. Sales 26,834
Prev. Day Open Int. 147,275 off 213

Financial

US T. BILLS (IMM) $1 million- pts of 100 pct.

Season High	Season Low		Open	High	Low	Close	Chg.
93.13	90.41	Sep	92.25	92.32	92.09	92.15	−.04
92.55	90.58	Dec	92.67	92.74	92.44	92.53	−.10
93.60	90.75	Mar	92.87	92.92	92.69	92.77	−.06
93.65	91.10	Jun	92.77	92.77	92.71	92.73	−.09
92.65	91.28	Sep	92.65	92.65	92.65	92.72	−.14

Est. Sales Prev. Sales 2,783
Prev. Day Open Int. 22,098 off 419

10 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct

Season High	Season Low		Open	High	Low	Close	Chg.
102-8	89-13	Sep	98-29	99-7	98-6	98-16	−10
102-5	91-17	Dec	98-29	99-7	98-8	98-17	−10
99-30	95-17	Mar				98-15	−9

Est. Sales Prev. Sales 33,481
Prev. Day Open Int. 74,526 off 2,791

US TREASURY BONDS (CBT) (8 pct-$100,000-pts & 32nds of 100 pct)

Season High	Season Low		Open	High	Low	Close	Chg.
101-9	72-26	Sep	97-12	97-24	96-7	96-22	−15
101-2	72-18	Dec	97-10	97-22	96-7	96-21	−14
100-24	72-1	Mar	97-1	97-17	96-2	96-17	−14
100-11	75	Jun	97-5	97-8	96-3	96-11	−14
100	79-1	Sep	96-28	96-28	96	96-5	−14
99-21	80	Dec	96-8	96-8	95-26	95-31	−14
98-8	79-21	Mar	95-20	95-25	95-20	95-25	−14
99-4	82-18	Jun				95-19	−14
96-1	86-4	Sep				95-13	−14
96-1	88-18	Dec				95-7	−14
96-22	94-4	Mar				95-1	−14

Est. Sales Prev. Sales 236,485
Prev. Day Open Int. 327,574 off 6,956

MUNICIPAL BONDS (CBT) $1000x index-pts & 32nds of 100 pct

Season High	Season Low		Open	High	Low	Close	Chg.
96-8	78-6	Sep	93-15	93-24	92-29	93-2	−11
96-1	81-10	Dec	93-3	93-8	92-17	92-21	−11
95-23	85-19	Mar	92-24	92-24	92-4	92-7	−12
95-10	87-2	Jun	91-27	91-27	91-24	91-27	−13
94-6	91-15	Sep				91-17	−13

Est. Sales Prev. Sales 2,186
Prev. Day Open Int. 14,786 off 46

EURODOLLARS (IMM) $1 million- pts of 100 pct.

Season High	Season Low		Open	High	Low	Close	Chg.
91.92	88.70	Sep	91.33	91.41	91.16	91.23	−.06
92.34	88.84	Dec	91.51	91.58	91.26	91.36	−.13
92.46	88.90	Mar	91.74	91.81	91.53	91.62	−.09
92.35	88.82	Jun	91.73	91.78	91.53	91.59	−.11
92.21	88.74	Sep	91.61	91.62	91.41	91.47	−.12
91.99	89.85	Dec	91.38	91.38	91.20	91.26	−.11
91.90	89.96	Mar	91.40	91.43	91.34	91.30	−.09
91.85	89.91	Jun	91.43	91.44	91.28	91.32	−.08
91.83	90.04	Sep	91.42	91.42	91.32	91.36	−.05
91.78	90.04	Dec	91.27	91.37	91.27	91.21	−.05
91.82	90.09	Mar	91.43	91.43	91.31	91.34	−.05
91.76	91.19	Jun	91.40	91.40	91.29	91.32	−.05
91.72	91.02	Sep	91.28	91.29	91.28	91.30	−.04
91.65	91.04	Mar	91.24	91.24	91.23	91.25	−.04

Est. Sales Prev. Sales 155,067
Prev. Day Open Int. 713,485 off 7,925

BRITISH POUND (IMM) $ per pound- 1 point equals $0.0001

Season High	Season Low		Open	High	Low	Close	Chg.
1.7754	1.4550	Sep	1.5612	1.5656	1.5480	1.5544	−196
1.7400	1.4550	Dec	1.5430	1.5430	1.5290	1.5364	−192
1.6160	1.4400	Mar	1.5110	1.5110	1.5110	1.5192	−192
1.6750	1.4400	Jun	1.5050	1.5050	1.5050	1.5030	−192

Est. Sales Prev. Sales 8,146
Prev. Day Open Int. 23,353 up 161

CANADIAN DOLLAR (IMM) $ per dlr- 1 point equals $0.0001

Season High	Season Low		Open	High	Low	Close	Chg.
.8515	.7940	Sep	.8449	.8452	.8423	.8438	−26
.8449	.7920	Dec	.8385	.8389	.8358	.8376	−27
.8389	.7850	Mar	.8323	.8323	.8305	.8322	−28
.8320	.8088	Jun	.8280	.8280	.8280	.8273	−29
.8270	.8107	Sep	.8235	.8235	.8235	.8227	−30

Est. Sales Prev. Sales 1,979
Prev. Day Open Int. 29,428 off 103

FRENCH FRANC (IMM) $ per franc- 1 point equals $0.00001

Season High	Season Low		Open	High	Low	Close	Chg.
.16050	.14540	Sep	.15035	.15035	.15035	.15070	−160
.16105	.14540	Dec	.15065	.15065	.15065	.15045	−125

Est. Sales Prev. Sales
Prev. Day Open Int.

GERMAN MARK (IMM) $ per mark- 1 point equals $0.0001

Season High	Season Low		Open	High	Low	Close	Chg.
.5977	.4910	Sep	.5120	.5123	.5078	.5100	−59
.5825	.4925	Dec	.5145	.5145	.5097	.5121	−60
.5468	.5000	Mar	.5160	.5160	.5125	.5142	−60

Est. Sales Prev. Sales 21,477
Prev. Day Open Int. 60,101 off 94

JAPANESE YEN (IMM) $ per yen- 1 point equals $0.000001

Season High	Season Low		Open	High	Low	Close	Chg.
.008580	.006662	Sep	.007018	.007027	.006961	.006983	−75
.008650	.006705	Dec	.007072	.007076	.007010	.007041	−75
.008538	.006780	Mar	.007090	.007090	.007085	.007096	−75
.007520	.007170	Jun	.007150	.007150	.007150	.007149	−75

Est. Sales Prev. Sales 17,998
Prev. Day Open Int. 56,951 up 536

SWISS FRANC (IMM) $ per franc- 1 point equals $0.0001

Season High	Season Low		Open	High	Low	Close	Chg.
.7210	.5590	Sep	.5940	.5941	.5885	.5912	−81
.6345	.5971	Dec	.5962	.5964	.5906	.5935	−82
.6350	.5740	Mar	.5985	.5985	.5938	.5958	−83

Est. Sales Prev. Sales 15,211
Prev. Day Open Int. 39,493 off 155

Industrials

LUMBER (CME) 150,000 bd. ft.- $ per 1,000 bd. ft.

Season High	Season Low		Open	High	Low	Close	Chg.
194.70	175.10	Sep	183.50	183.70	181.80	183.10	−.90
190.60	174.30	Nov	181.60	182.10	180.80	182.00	−.30
192.00	181.20	Jan	185.60	186.70	184.90	186.10	−.30
193.90	185.00	Mar	189.00	189.00	188.00	188.60	−.30
196.70	188.00	May	192.00	192.00	191.10	192.00	−.20
197.40	177.50	Jul	193.50	195.50	193.00	195.50	+.40

Est. Sales 1,297 Prev. Sales 1,026
Prev. Day Open Int. 8,134 off 238

COTTON 2 (NYCE) 50,000 lbs.- cents per lb.

Season High	Season Low		Open	High	Low	Close	Chg.
76.00	50.35	Oct	75.15	75.15	73.75	74.28	+.20
74.95	58.75	Dec	75.50	75.51	74.71	74.99	+.18
77.50	53.60	Mar	76.45	76.60	75.80	75.99	+.16
77.90	55.90	May	76.90	76.90	76.35	76.45	+.25
77.89	63.70	Jul	77.00	77.00	76.10	76.15	−.03
71.20	63.95	Oct	71.00	71.50	71.00	71.30	+.44
69.20	65.00	Dec	68.00	68.12	67.85	67.93	+.35

Est. Sales Prev. Sales 5,084
Prev. Day Open Int. 44,693 off 449

HEATING OIL (NYME) 42,000 gal- cents per gal

Season High	Season Low		Open	High	Low	Close	Chg.
54.50	36.25	Sep	51.45	51.70	50.90	50.95	−.20
54.90	37.20	Oct	52.25	52.40	51.55	51.60	−.21
55.50	38.00	Nov	52.85	53.00	52.35	52.21	−.38
56.05	39.00	Dec	53.49	53.65	52.80	52.80	−.39
54.50	46.60	Jan	53.50	53.70	53.10	53.20	−.09
53.50	48.00	Feb	52.90	52.90	52.15	52.28	−.24
51.35	46.40	Mar	50.60	50.65	50.10	50.58	+.01
49.76	45.00	Apr	48.75	48.75	48.75	48.75	+.11
48.00	44.50	May	47.50	47.50	47.50	47.58	+.01
50.95	44.90	Jun	46.80	46.80	46.80	46.80	−.09

Est. Sales Prev. Sales 17,631
Prev. Day Open Int.

CRUDE OIL (NYME) 1,000 bbl.- dollars per bbl.

Season High	Season Low		Open	High	Low	Close	Chg.
20.12	12.68	Sep	19.05	19.15	18.62	18.66	−.31
19.50	12.75	Oct	18.55	18.62	18.35	18.38	−.11
19.23	15.00	Nov	18.25	18.36	18.16	18.14	−.09
19.05	12.87	Dec	18.15	18.24	18.06	18.08	−.05
18.92	15.67	Jan	18.05	18.11	18.00	18.03	+.01
18.84	15.74	Feb	18.00	18.02	17.90	18.00	+.08
18.80	16.10	Mar	17.95	17.95	17.90	17.94	+.09
18.71	16.30	Apr	17.90	17.92	17.83	17.92	+.11
18.70	16.30	May	17.85	17.86	17.80	17.80	+.03
18.63	14.50	Jun	17.81	17.86	17.79	17.86	+.18
18.54	16.60	Jul	17.76	17.77	17.70	17.80	+.18
18.54	16.39	Aug	17.64	17.64	17.64	17.64	−.03
18.48	16.50	Sep	17.62	17.70	17.60	17.63	−.01
18.50	14.50	Oct	17.80	17.80	17.80	17.80	+.19
18.28	17.30	Nov	17.80	17.80	17.80	17.80	+.22

Est. Sales Prev. Sales 61,097
Prev. Day Open Int. 214,576 up 11,453

Stock Indexes

SP COMP. INDEX (CME) points and cents

Season High	Season Low		Open	High	Low	Close	Chg.
353.60	271.50	Sep	347.00	348.50	344.30	346.55	−.45
357.75	298.90	Dec	351.15	352.75	348.70	350.90	−.45
361.00	325.80	Mar	356.50	356.50	353.10	355.25	−.25
363.00	334.50	Jun	357.30	357.30	357.30	359.55	−.45

Est. Sales Prev. Sales 34,220
Prev. Day Open Int. 128,898 off 895

VALUE LINE (KCBT) points and cents

Season High	Season Low		Open	High	Low	Close	Chg.
306.70	266.20	Sep	300.80	301.60	299.40	300.50	−.50
311.00	271.80	Dec	306.00	306.00	304.40	305.00	−.50
313.10	292.00	Mar				309.80	−.50
317.30	316.90	Jun				313.20	−.50

Est. Sales Prev. Sales 219
Prev. Day Open Int. 1,674 off 128

NYSE COMP. INDEX (NYFE) points and cents

Season High	Season Low		Open	High	Low	Close	Chg.
196.70	153.00	Sep	193.00	194.05	191.70	192.90	−.30
198.85	161.10	Dec	195.40	196.15	194.30	195.15	−.35
200.00	170.20	Mar	197.75	197.75	197.75	197.40	−.35
202.25	188.00	Jun	200.00	200.00	200.00	199.65	−.35

Est. Sales Prev. Sales 3,782
Prev. Day Open Int. 5,743 off 25

Commodity Indexes

	Close	Previous
Moody's	1,107.40 f	1,108.30 f
Reuters	1,903.50	1,890.80
D.J. Futures	129.82	129.25
Com. Research	223.19	223.32

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

Market Guide

CBT:	Chicago Board of Trade
CME:	Chicago Mercantile Exchange
IMM:	International Monetary Market Of Chicago Mercantile Exchange
NYCSCE:	New York Cocoa, Sugar, Coffee Exchange
NYCE:	New York Cotton Exchange
COMEX:	Commodity Exchange, New York
NYME:	New York Mercantile Exchange
KCBT:	Kansas City Board of Trade
NYFE:	New York Futures Exchange

Currency Options

Aug. 17

PHILADELPHIA EXCHANGE

Option & Underlying	Strike Price	Calls—Last Aug	Sep	Dec	Puts—Last Aug	Sep	Dec
50,000 Australian Dollars-cents per unit.							
ADollr	70	s	r	r	s	r	0.63
31,250 British Pounds-cents per unit.							
BPound	147½	s	r	r	s	r	2.20
157.93	150	s	r	r	s	0.80	r
157.93	152½	s	r	r	s	1.50	3.60
157.93	155	s	r	4.02	s	r	5.00
157.93	157½	s	1.74	r	s	3.70	r
157.93	160	s	1.00	r	s	5.00	8.50
157.93	165	s	0.26	r	s	10.05	12.10
31,250 British Pounds-European Style.							
157.93	145	s	10.68	r	s	r	r
157.93	160	s	1.00	r	s	r	r
157.93	165	s	r	r	s	r	12.10
157.93	167½	s	r	0.90	s	r	r
50,000 Canadian Dollars-cents per unit.							
CDollr	83½	s	r	r	s	0.15	r
84.96	84	s	r	0.88	s	0.29	1.10
84.96	85	s	r	0.50	s	r	1.67
62,500 West German Marks-cents per unit.							
DMark	46	s	r	r	s	r	0.16
51.51	48	s	r	r	s	0.10	r
51.51	49	s	r	r	s	0.20	r
51.51	50	s	1.28	r	s	0.46	1.00
51.51	51	s	0.84	1.54	s	0.86	1.40
51.51	52	s	0.39	1.24	s	1.55	1.96
51.51	53	s	0.18	0.69	s	2.37	2.61
51.51	54	s	0.08	0.60	s	3.18	r
51.51	55	s	r	0.31	s	4.10	4.25
51.51	56	s	0.03	r	s	r	r
250,000 French Francs-10ths of a cent per unit.							
FFranc	15½	s	1.06	r	s	r	r
6,250,000 Japanese Yen-100ths of a cent per unit.							
JYen	64	s	r	r	s	0.04	r
70.25	66	s	r	4.74	s	0.11	r
70.25	67	s	r	r	s	0.21	0.47
70.25	68	s	r	r	s	0.42	0.96
70.25	69	s	1.40	r	s	0.70	1.20
70.25	70	s	0.97	r	s	1.17	1.75
70.25	71	s	0.58	1.53	s	1.80	2.28
70.25	72	s	0.30	1.16	s	r	r
70.25	73	s	0.17	r	s	3.45	r
70.25	76	s	r	0.34	s	r	6.38
62,500 Swiss Francs-cents per unit.							
SFranc	54	s	r	r	s	r	0.30
59.84	55	s	r	r	s	0.10	0.27
59.84	56	s	r	r	s	0.16	r
59.84	57	s	r	r	s	0.30	0.89
59.84	58	s	r	r	s	0.62	1.24
59.84	59	s	0.97	r	s	1.00	1.49
59.84	60	s	0.63	1.43	s	1.58	2.10
59.84	61	s	0.40	r	s	r	r
59.84	62	s	0.19	0.77	s	2.78	r
59.84	63	s	0.17	r	s	r	r
62,500 Swiss Francs-European Style.							
59.84	61	s	r	r	s	2.24	r

Total call vol. 26,815 Call open int. 334,581
Total put vol. 22,523 Put open int. 316,153
r—Not traded. s—No option offered.
Source: AP.

London Commodities

Aug. 17

	Close Bid	Close Ask	High	Low	Previous Bid	Previous Ask
SUGAR U.S. Dollars per metric ton						
Oct	301.40	302.00	307.60	301.00	305.00	305.20
Dec	288.20	293.00	294.00	294.00	292.00	295.00
Mar	283.60	283.80	289.40	283.00	286.20	286.60
May	278.00	279.00	283.80	278.00	282.40	283.20
Aug	272.80	273.40	276.20	276.20	276.00	276.60
Oct	264.80	267.00	267.40	264.60	268.00	268.60
Dec	256.20	268.00	N.T.	N.T.	259.20	269.00

Volume: 2,597 lots of 50 tons.

	Close Bid	Close Ask	High	Low	Previous Bid	Previous Ask
COCOA Sterling per metric ton						
Sep	837	838	845	837	845	846
Dec	897	898	907	895	903	904
Mar	867	868	877	866	876	877
May	875	878	885	876	884	885
Jly	890	894	898	891	897	898
Sep	905	906	915	905	912	913
Dec	925	930	935	926	934	935

Volume: 5,893 lots of 10 tons.

	Close Bid	Close Ask	High	Low	Previous Bid	Previous Ask
GASOIL U.S. dollars per metric ton						
Sep	154.25	154.50	155.50	154.25	153.00	153.25
Oct	152.75	153.00	153.75	152.50	151.50	151.75
Nov	152.00	152.25	153.00	151.75	151.50	151.75
Dec	152.25	152.75	153.50	152.25	151.50	151.75
Jan	150.00	150.25	151.50	150.25	149.75	150.50
Feb	147.00	147.50	N.T.	N.T.	147.00	148.00
Mar	144.00	144.50	N.T.	N.T.	143.00	143.25
Apr	141.25	142.00	N.T.	N.T.	141.00	141.50
May	138.00	143.00	N.T.	N.T.	136.00	140.00

Volume: 10,375 lots of 100 tons.
Sources: Reuters and London Petroleum Exchange.

Paris Commodities

Aug. 17

	High	Low	Close Bid	Close Ask	Ch'ge
SUGAR French francs per metric ton					
Oct	2,705	2,665	2,676	2,676	+23
Dec	2,430	N.T.	2,410	2,435	+33
Mar	2,380	2,340	2,351	2,360	+28
May	N.T.	N.T.	2,320	2,345	+28
Aug	N.T.	N.T.	2,315	2,335	+28
Oct	N.T.	N.T.	2,270	2,385	+8

Est. vol: 386 lots of 50 tons. Prev. actual sales: 1,024 lots. Open interest: 14,530.

	High	Low	Close Bid	Close Ask	Ch'ge
COCOA French francs per 100 kg					
Sep	N.T.	N.T.	—	915	Unch
Dec	N.T.	N.T.	—	950	Unch.
Mar	N.T.	N.T.	—	960	Unch.
May	N.T.	N.T.	—	960	Unch.
Jly	N.T.	N.T.	—	960	Unch.
Sep	N.T.	N.T.	—	960	Unch.
Dec	N.T.	N.T.	—	960	Unch.

Est. vol: 0 lots of 10 tons. Prev. actual sales: 0 lots. Open position : 4.

	High	Low	Close Bid	Close Ask	Ch'ge
COFFEE French francs per 100 kg					
Sep	N.T.	N.T.	—	780	+5
Nov	N.T.	N.T.	750	770	+19
Jan	N.T.	N.T.	760	785	+12
Mar	N.T.	N.T.	770	795	+15
May	N.T.	N.T.	775	—	+15
Jly	N.T.	N.T.	785	—	+18
Sep	N.T.	N.T.	790	—	+17

Est. vol: 0 lots of 5 tons. Prev. actual sales: 0 lots. Open position : 168.
Source: Bourse de Commerce.

Dividends

Aug. 17

Company	Per	Amt	Pay	Rec
INCREASED				
Worthington Indus	Q	.14	9-29	9-1
USUAL				
Amer Trust Corp	Q	.22	9-8	9-5
Baltimore Bancorp	Q	.13¾	10-1	9-15
Bandag Inc	Q	.22½	10-20	9-21
CB&T Financial	Q	.15	9-20	9-8
Deposit Guaranty	Q	.38	10-2	9-15
Farmer Brothers	Q	.30	11-6	10-20
Fireman's Fund	Q	.15	9-20	8-30
First Nrthrn Svgs	Q	.16	9-15	9-1
First Amer Bk Co	Q	.55	10-20	9-22
Huntington Bncshs	Q	.18½	10-2	9-11
Long Drug Stores	Q	.24	10-3	8-29
Northrop Corp	Q	.30	9-9	8-28
RHNB Corp	Q	.10	9-15	9-1
Ryland Group Inc	Q	.15	10-31	10-15
Secor Bank	Q	.10	11-1	9-15

a-annual; m-monthly; q-quarterly; s-semi-annual
Source: UPI.

London Metals

Aug. 17

	Close Bid	Close Ask	Previous Bid	Previous Ask
ALUMINUM (High Grade) Dollars per metric ton				
Spot	1762.00	1764.00	1750.00	1752.00
Forward	1762.00	1764.00	1756.00	1758.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	1815.00	1816.00	1758.00	1759.00
Forward	1802.00	1803.00	1748.00	1749.00
LEAD Sterling per metric ton				
Spot	448.00	449.50	446.00	447.00
Forward	439.00	439.50	447.00	448.00
NICKEL Dollars per metric ton				
Spot	12700	12750	13150	13250
Forward	12025	12050	12300	12400
TIN Dollars per metric ton				
Spot	8520.00	8540.00	8630.00	8650.00
Forward	8650.00	8675.00	8770.00	8780.00
ZINC (High Grade) U.S. Dollars per metric ton				
Spot	1765.00	1770.00	1690.00	1700.00
Forward	1665.00	1670.00	1606.00	1610.00

Source: AP.

Spot Commodities

Aug. 17

Commodity	Today	Prev.
Aluminum, lb	0.805	0.805
Coffee, lb	0.75	0.78
Copper electrolytic, lb	1.3085	1.2225
Iron FOB, ton	213.00	213.00
Lead, lb	0.41	0.41
Printcloth, yd	0.50	0.50
Silver, troy oz	5.225	5.215
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	109.50	110.00
Tin, lb	5.0751	5.1234
Zinc, lb	0.82	0.82

Source: AP.

S&P 100 Index Options

Aug. 17

Strike Price	Calls-Last Aug	Sep	Oct	Nov	Puts-Last Aug	Sep	Oct	Nov
260	61	—	—	—	—	—	—	—
275	—	47	—	—	—	1/16	—	—
280	40⅝	41⅞	—	—	—	⅛	1	—
285	36	—	—	—	—	½	1⅜	—
290	31⅜	36	—	—	—	⅝	1⅝	2⅝
295	26	27⅝	28⅝	—	1/16	⅝	2⅛	—
300	21¼	23⅝	25⅝	—	1/16	1⅛	2⅝	4⅛
305	16⅝	18⅝	22	—	1/16	1⅝	3⅝	—
310	11⅝	15⅛	18⅝	20⅝	⅛	2⅛	4⅝	7⅛
315	6⅝	11⅝	15⅛	—	⅛	3⅝	6	—
320	2	7⅝	11⅝	14⅝	1	5⅝	8	9⅝
325	⅛	5	8⅝	—	4⅝	7⅝	10⅝	—
330	⅛	3⅛	6½	9⅛	9⅝	11⅛	12⅝	—
335	1/16	1⅝	4⅝	—	—	15	16⅝	—
340	—	⅞	2⅞	4⅝	—	—	—	—
345	—	½	2⅛	—	—	—	—	—

Calls: total volume 151,873; total open int. 384,622
Puts: total volume 138,308; total open int. 420,002
S&P 100 index:
High 322.47 low 319.25 close 320.78 —1.03
Source: CBOE.

DM Futures Options

W. German Mark-125,000 marks, cents per mark

Aug. 17

Strike Price	Calls-Settle Sep	Oct	Dec	Puts-Settle Sep	Oct	Dec
49	2.11	—	2.74	0.13	0.29	0.57
50	1.32	—	2.06	0.32	0.52	0.87
51	0.71	1.11	1.49	0.71	0.90	1.26
52	0.33	0.68	1.05	1.34	1.43	1.82
53	0.15	0.39	0.72	2.14	2.15	2.07
54	0.06	0.21	0.49	3.04	2.95	3.22

Est. total vol: 24,476
Calls: Wed. volume: 5,367; open int.: 72,138
Puts: Wed. volume: 5,285; open int.: 77,472
Source: CME.

U.S. Treasuries

Aug. 17

	Discount Bid	Discount Offer	Yield	Prev. Yield
3-month bill	7.87	7.89	8.16	8.18
6-month bill	7.81	7.83	8.26	8.20
1-year bill	7.70	7.72	8.29	8.22

	Bid	Offer	Yield	Prev. Yield
30-yr. bond	99 22/32	99 24/32	8.15	8.12

Source: Salomon Brothers.

U.S. Oil Prices Finish Mixed Following Data on Imports

New York Times Service

NEW YORK — Oil prices were mixed Thursday after a report from the American Petroleum Institute that said imports supplied more than half of America's petroleum in July for the first time since 1977.

West Texas Intermediate for September delivery fell to $18.66 a barrel in late trading, down 31 cents a barrel. Earlier in the day, it was trading at a spot price of $19.25 a barrel in New York, up from $18.875 on Wednesday.

North Sea Brent, meanwhile, was little changed at $17.15 a barrel.

July was only the fourth month in which imports amounted to more than half of deliveries, according to the institute, a trade organization based in Washington, which issued its report Wednesday. The three other months were in 1977.

Industry experts said reliance on foreign oil for half of America's oil supplies will soon be the norm.

"It's only a question of how soon we get there, not whether we get there," said John H. Lichtblau, president of the Petroleum Industry Research Foundation in New York. "We will have to live with a high level of imports."

Mr. Lichtblau said that imports now, at 7.8 million barrels a day, are about a million barrels a day lower than in 1977. Other fuels have been substituted for oil in the intervening 12 years.

In July, the institute said, domestic deliveries of petroleum products were just shy of 17 million barrels a day, up 1.7 percent from a year ago, and imports amounted to 8.6 million, up 17.9 percent. Domestic crude oil output was 7.5 million barrels a day, down 7.1 percent from July 1988.

Last January, imports exceeded domestic production but did not exceed 50 percent of deliveries. The reason was that oil was taken out of stockpiles in that month.

The institute said that oil imports had now pushed past 50 percent of deliveries in part because production in Alaska has peaked. That state supplies a quarter of U.S. crude oil production.

Another reason for the shift is that oil companies are building their inventories slightly faster than usual, the institute said.

WHO
PERFORMS THE BEST?

INTERNATIONAL Herald Tribune

BUSINESS / FINANCE

THAT'S WHO!
DAEWOO

WALL STREET WATCH

In an Improving Industry, A Tainted Exxon May Lag

By RICHARD D. HYLTON

New York Times Service

NEW YORK — Despite the fairly positive outlook that many analysts have for the oil and refining business over the next year, they continue to be nervous about the prospects for Exxon Corp. in the wake of the massive oil spill in Alaska by the Exxon Valdez tanker.

Highlighting the company's problems, the state of Alaska recently filed suit against Exxon, accusing it of recklessness in its response to the spill March 24 in Prince William Sound.

If Exxon loses, compensatory and punitive damages could run into billions of dollars. The company also faces about 150 other lawsuits. All told, Exxon is almost certain to be tied up in litigation for years and may have to pay enormous legal fees and damages. In such a climate, analysts do not expect Exxon's stock, which hovers around the $45 level, to perform very well.

Given litigation, analysts do not expect the stock to perform very well.

The yield on the stock is about 5.3 percent and the price-earnings ratio is nearly 12, slightly higher than the average for international oil stocks.

Its second-quarter operating earnings of 79 cents a share, excluding nonrecurring items, were at the low end of most Wall Street estimates.

"It is undefinable and unquantifiable what their potential liability could be," said William L. Randol, an analyst at First Boston. "I don't think that share value will plummet to any large degree, but this could hang over them for years, and that's why I've downgraded their stock."

Most oil analysts have done the same, although they generally expect increases in the company's operating income. Earnings for 1990 are expected to be about $4.10 a share, up from $3.20 a share, after the oil spill charges, estimated for 1989.

So far, the pretax cost to Exxon for cleaning up the spill has been about $1.7 billion. The aftertax costs for just the first half of this year run to $880 million.

AND EXXON'S STOCK could be in for a jolt if the court grants Alaska's request that the company be ordered to continue its cleanup until the environment is restored to its former condition. Exxon has been trying to convince the public that it has fulfilled its cleanup responsibility.

After it announced that it had not reserved funds to continue the cleanup into next year, public outcry put pressure on the company. William D. Stevens, president of Exxon USA, later said, "We will follow through with our commitment to get the job done right."

A court ruling to that effect would mean more funds placed in reserve and would probably put downward pressure on the stock.

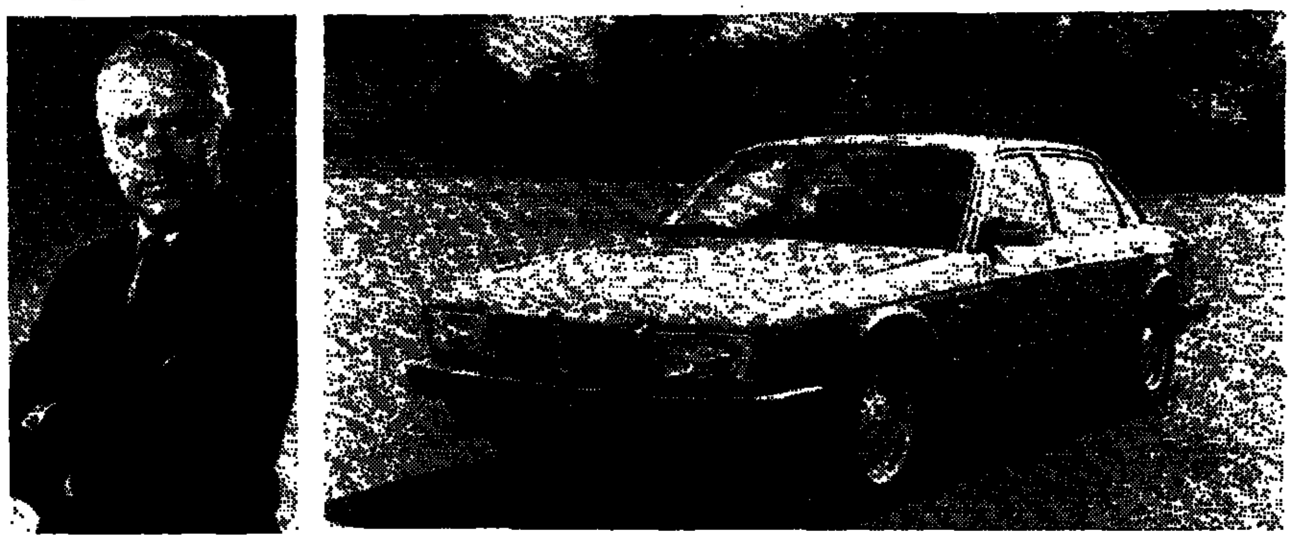
Meanwhile, Exxon's management has acted to prop up the stock price. It increased the dividend for the second quarter by 9 percent, to 60 cents a share from 55 cents. That represents a cost increase of $250 million in dividend expenditures, assuming no shares are repurchased.

The company has also said it intends to continue to repurchase shares. In the second quarter this year, the company paid $676 million, or $44.70 a share, to repurchase 15.1 million shares.

Exxon's chief executive, Lawrence G. Rawl, said: "Despite the high cost of the cleanup, Exxon's financial position remains strong. We are continuing to pursue our long-term business strategies and to implement planned capital programs."

George J. Gaspar, a petroleum industry analyst with Robert W. Baird & Co., said that Exxon should spin off one of its smaller units to boost shareholder value and improve returns.

"Exxon will have to change the way it does business because of the oil spill," Mr. Gaspar said.



Sir John Egan, chairman and chief executive of Jaguar, remains firmly behind the wheel of the troubled maker of luxury cars.

Jaguar: Holding On to a Rough Road

By Warren Getler

International Herald Tribune

COVENTRY, England — "I would like to have been more profitable," Sir John Egan, chairman of Jaguar PLC, said ruefully.

Sir John, in an interview, was lamenting the dramatic plunge in the luxury automaker's earnings during the past three years.

Last year, Jaguar's pretax profit slid 51 percent to £47.5 million ($74.9 million), from £97 million in 1987. The 1987 figure was down 20 percent from the previous year's £121 million.

For 1989, analysts expect pretax profit to dive by as much as 70 percent, to between £15 million and £17 million. Not a proud achievement for an "exclusive label" company with sales exceeding £1 billion since 1987, analysts say.

The only factor buoying Jaguar's stock is speculation that the company will face a takeover bid at the end of next year when the government's blocking share in the formerly state-owned automaker expires.

"We thought we could have done rather better this year than we indeed are going to turn out," Sir John said. "I would like to have been more profitable, and I think if we were smarter and our development program was further down the track than it is, we would have been able to do better."

He added: "That we couldn't make out in the worst two years of the currency cycle this time around, I should be embarrassed about, I should be worried about."

But the Jaguar boss believes that the weak dollar cycle has run its course and that Jaguar is set for substantial near-term improvement. He said that the steep profit plunge has not led to the derailment of any major investment projects, and stressed that Jaguar's development of a sports-car model continues apace.

He said, "There will be a time when the dollar gets restored to its full and proper majesty and when the pound will be properly valued — and not *on the basis of* 14 percent interest rates" in Britain.

But that time may be further off than Sir John would like to think. In its most recent report on the British economy, the Bank of England said, "Wage pressures are a threat and interest rates may need to stay high for some time."

For a company that derives more than 40 percent of its revenue from exports to the United States and a sizable amount from dollar-denominated sales in Canada and the

See JAGUAR, Page 13

UAL Stock Rises As Davis Weighs $6.2 Billion Bid

Compiled by Our Staff From Dispatches

CHICAGO — Stock in UAL Corp. rose sharply Thursday in response to news that the investor Marvin Davis was weighing the idea of raising his takeover bid for the parent of United Airlines from $5.4 billion to $6.2 billion.

UAL gained $14.50 a share to close at $266.25 on the New York Stock Exchange. Mr. Davis said late Wednesday that he was prepared to lift his offer for UAL from $240 a share to $275.

Meanwhile, the financial adviser to the United Airlines machinists' union said that he had been contacted by groups — other than Mr. Davis — that were in a position to make a bid for UAL.

The adviser, Brian Freeman, described the groups as "the usual genre of suspects" in Wall Street takeovers, but did not elaborate.

Mr. Freeman, adviser to the 20,000-member chapter of the International Association of Machinists and Aerospace Workers, also said that he would meet next week with representatives of Mr. Davis.

He added that the machinists had not been contacted by anyone representing UAL management, which is widely believed to be arranging a buyout of the second largest U.S. airline.

The cooperation of the machinists' union, along with that of the pilots' union, is considered crucial to a successful takeover.

"No party can do a deal without the machinists," Mr. Freeman said.

UAL shares have climbed sharply since Aug. 7, when the company announced that Mr. Davis had made takeover offer.

Mr. Davis's offer followed his failure to win the bidding war last spring for NWA Inc., parent of Northwest Airlines, which eventually was acquired for $3.64 billion by investors led by Alfred Checchi.

Others said to have bid for NWA were two leveraged buyout firms — Kohlberg, Kravis, Roberts & Co. and Forstmann, Little & Co. — along with Pan Am Corp.

Both leveraged buyout firms have contacted UAL to express interest in a possible deal, but no solid offer has been made, sources close to the discussions have said.

While the company has not rejected Mr. Davis's offer, its directors recently said that UAL would "explore all possible financial and strategic alternatives."

The statement was seen by some analysts as evidence that UAL was putting itself up for sale.

Mr. Davis's most recent move comes as the chairman of UAL, Stephen M. Wolf, has begun to explore the possibility of a buyout of UAL with the backing of the pilots' union.

The UAL board was expected Thursday to discuss a possible bid by management or a leveraged recapitalization, under which the company would borrow to make special payments to shareholders. *(Reuters, NYT)*

■ Texas Air Stake Revealed

A Boston investment firm said Thursday that the 12 percent stake it has accumulated in Texas Air Corp., parent of Continental Airlines and Eastern Arlines, is only for investment purposes, The Associated Press reported from Houston.

In announcing Wednesday the size of the stake, Loomis, Sayles & Co. said it had been buying Texas Air stock since May. Texas Air said that it welcomed the investment.

Britain Keeps Hands Off De Beers

Compiled by Our Staff From Dispatches

LONDON — The British government said Thursday that one of the world's most effective cartels, the London sales operation of the De Beers diamond mines, was not sufficiently monopolistic in Britain for authorities to worry about it.

The Office of Fair Trading said it had decided against starting a monopolies probe into the sales operations of De Beers Consolidated Mines Ltd. of South Africa, which markets up to 80 percent of the world's rough diamond output through its London-based Central Selling Organization.

"While there are aspects of the CSO which function like a monopoly," said the office's director-general, Sir Gordon Borrie, "any ill-effects which might flow from the operation of that monopoly will be negligible as far as the United Kingdom is concerned."

Welcoming the decision, De Beers said the move should put an end to speculation that the Central Selling Organization was about to relocate to Switzerland from London.

Patrick Magilligan, diamond industry analyst with Merrill Lynch & Co. in New York, said the decision came as no surprise.

"Nobody thought the OFT would come down against De Beers," he said. The review, started in February, was nothing more than the authorities "going through the motions."

Mr. Magilligan said that while the Central Selling Organization does constitute a sort of monopoly, it serves a positive role.

"It is a pipeline for producers," he said. "It has a positive market impact in promoting control and stability and does benefit CSO members, not just De Beers itself." He cited the cartel's role in maintaining a degree of price stability following the 1982 collapse in the diamond industry, and in regulating a huge intake of Australian diamonds mined in recent years.

Mr. Magilligan noted that the organization had operated in Britain for 60 years. *(Reuters, IHT)*

Plessey Profit Questioned

Reuters

LONDON — GEC-Siemens PLC, the bidding vehicle of General Electric Co. of Britain and Siemens AG of West Germany, said Thursday it had doubts about the profitability of and prospects for Plessey Co., its takeover target.

In a document setting out the case for its £2 billion ($3.16 billion) bid, GEC-Siemens suggested that Plessey's 1988-89 profit was inflated by nonrecurring items and possibly by a high level of write-offs and provisions on recent acquisitions.

It also questioned the wisdom of the acquisitions, which Plessey said were made to transform it into a stronger business.

Plessey said it will write to its shareholders shortly with a full response to the GEC-Siemens document.

The British and West German firms also said changing pressures in electronics markets worldwide threaten Plessey, which is still too small to cope and is exposed to the dangers the changes pose.

The bid offer of 270 pence a share is 20.3 times Plessey's 1988-89 earnings, if nonrecurring items are excluded, GEC-Siemens said.

Currency Rates

Cross Rates

Aug. 17

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.199	3.4595	1.1274	0.3337	0.157 *	—	5.369 *	1.3079	1.5411 *
Brussels(a)	40.80	64.165	20.9175	6.189	2.9189 *	18.5555	—	24.2745	0.2861
Frankfurt	1.95	3.069	—	0.2959	0.1392 *	0.887	4.78 *	1.1603	1.368 *
London (b)	1.556	—	3.0678	10.5498	2,204.50	3.456	64.16	2.6438	224.305
Milan	1,400.55	2,204.50	718.70	212.46	—	637.49	34.357	833.60	9.832
New York(c)	—	1.561 b	1.964	6.6295	1,409.00	2.213	41.775	1.6935	143.52
Paris	6.59	10.367	3.3794	—	0.4703 *	2.9973	0.1615	3.921	4.625 *
Tokyo	142.40	224.05	73.31	21.70	0.1022	65.02	3.5065	85.22	—
Zurich	1.697	2.644	0.8623	0.2552	0.12 *	0.7656	4.129 *	—	1.1794 *
1 ECU	1.0615	0.6772	2.0746	7.0104	1,490.71	2.3389	43.385	1.7875	151.629
1 SDR	1.2517	0.7955	2.4489	8.2489	N.Q.	2.7526	51.8706	2.1035	178.184

*Closings in London, Tokyo and Zurich, fixings in other centers. New York closing rates. a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	615.00	Fin. markka	4.3955	Mex. peso	2540.00	S. Afr. rand	2.72
Austral. $*	1.3207	Greek drac.	168.00	N. Zealand $*	1.7021	Soviet ruble*	0.6401
Austr. schil.	13.75	Hong Kong $	7.8065	Nig. naira*	5.2995	Span. peseta	122.20
Brazil cruz.*	2.43	Indian rupee*	16.5707	Norw. krone	7.1285	Swed. krona	6.6155
Canadian $	1.1794	Indo. rupiah	1769.00	Phil. peso*	21.904	Taiwan $	25.43
Chinese yuan*	3.7221	Irish £	0.7336	Port. escudo	162.60	Thai baht	25.76
Danish krone	7.591	Israeli shek.	1.96	Saudi riyal	3.749	Turkish lira	2158.41
Egypt. pound	2.5422	Kuwaiti dinar	0.2963	Sing. $	1.956	UAE dirham	3.6701
		Malay. ring.	2.684	S. Kor. won	660.91	Venez. boliv.	37.45

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5614	1.5552	1.5494	Canadian dollar	1.1826	1.1856	1.1889
Japanese yen	142.35	141.93	141.57	Swiss franc	1.6807	1.6780	1.6761
Deutsche mark	1.9383	1.9352	1.9326				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits

Aug. 17

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	8⅞-9	6⅞-7	7¼-7⅜	13 [illegible]-13 [illegible]	8⅞-9	5 [illegible]-5 [illegible]	9 [illegible]-9 [illegible]	8 [illegible]
2 months	8 [illegible]-8 [illegible]	6⅞-7	7 [illegible]-7 [illegible]	13 [illegible]-13 [illegible]	8⅞-9	5⅜-5½	9¼-9⅜	8 [illegible]
3 months	8 [illegible]-8 [illegible]	6⅞-7	7¼-7⅜	13 [illegible]-13 [illegible]	8⅞-9	5⅜-5½	9¼-9⅜	8 [illegible]
6 months	8¾-8⅞	6 [illegible]-7 [illegible]	7 [illegible]-7 [illegible]	13 [illegible]-13 [illegible]	8⅞-9	5⅜-5½	9¼-9⅜	8 [illegible]
1 year	8 [illegible]-8 [illegible]	6 [illegible]-7 [illegible]	6⅞-7	13 [illegible]-13 [illegible]	8 [illegible]-8 [illegible]	5¼-5⅜	9 [illegible]-9 [illegible]	8 [illegible]

Sources: All Reuters except ECU: Lloyds Bank. Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

Aug. 17

	Close	Prev.
United States		
Discount rate	7.00	7.00
Prime rate	10½	10½
Federal funds	8⅞	8 15/16
Com. paper 90-179 days	7.50	7.53
3-month Treasury bills	7.80	7.84
6-month Treasury bills	7.87	7.72
3-month CD's	8.45	8.50
3-month CD's	8.40	8.45
Japan		
Discount rate	3¼	3¼
Call money	5 8/32	5 9/32
2-month interbank	5 13/32	5 12/32
3-month interbank	5 12/32	5 12/32
West Germany		
Discount rate	4½	4½
Lombard rate	7.00	7.00
Overnight rate	6.85	6.90
1-month interbank	7.00	7.00
3-month interbank	7.00	7.00
6-month interbank	7.00	7.00
Britain		
Bank base rate	14.00	14.00
Call money	13¾	13¾
3-month interbank	13 13/16	13 13/16
6-month interbank	13 11/16	13¾
France		
Intervention rate	8¾	8¾
Call money	9 1/16	9 3/16
1-month interbank	8⅞	8 15/16
3-month interbank	8⅞	8 15/16
6-month interbank	8⅞	8⅞

Sources: Reuters, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits

Aug. 17

1 month	8 [illegible] - 9 [illegible]
2 months	8⅞ - 9
3 months	8 [illegible] - 8 [illegible]
6 months	8¾ - 8⅞
1 year	8⅝ - 8¾

Source: Reuters.

U.S. Money Market Funds

Aug. 17

Merrill Lynch Ready Assets	
30-day average yield:	8.23
Telerate Interest Rate Index:	8.977

Source: Merrill Lynch, Telerate.

Gold

Aug. 17

	A.M.	P.M.	Ch'ge
Hong Kong	366.45	366.15	— 2.10
Luxembourg	366.20	—	— 2.05
Paris (12.5 kilo)	367.74	367.67	— 1.82
Zurich	366.10	365.25	— 2.75
London	366.00	364.11	— 3.49
New York	—	366.75	+ 0.25

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.

Source: Reuters.

Kohlberg, Kravis, Roberts's Funds

	Fund size	K.K.R. contribution	Contribution as percent of total	Some companies acquired
'78	$32 million	$3.0 million	10.6%	Houdaille Sargent
'80	$75 million	$3.1 million	4.1	Marley, Lily-Tulip, Fred Meyer
'82	$316 million	$5.1 million	1.5	Dillingham, Wometco
'84	$1.0 billion	$7.5 million	0.8	Cole National, Pace, Union Texas
'86	$1.8 billion	$20 million	1.1	Beatrice, Safeway, Owens-Illinois
'87	$5.6 billion	$56 million	1.0	Jim Walter, Seaman, Duracell, RJR Nabisco

Substantial Fees

Transaction fees from some of Kohlberg, Kravis, Roberts & Co.'s recent deals and the fee as a percent of the total price of the deal.

RJR Nabisco	$75 million	0.3%
Owens-Illinois	$60 million	1.5%
Safeway	$60 million	1.3%
Beatrice	$45 million	0.7%
Jim Walter	$35 million	1.4%
Stop & Shop	$28 million	2.3%

Deal size excludes debt assumed before transaction.

Source: Company documents

International Herald Tribune

Kohlberg Kravis Falters As Big Deals Turn Sour

Tighter Takeover Regulation Looms

By Sarah Bartlett

New York Times Service

NEW YORK — The biggest game on Wall Street in the 1980's has been borrowing money — lots of it — to buy up big chunks of corporate America.

Usually the biggest winners have been the firms that set up the deals, which earn huge fees for their troubles.

But cracks are appearing in this glamorous facade. Kohlberg, Kravis, Roberts & Co., which became a Wall Street superstar by gobbling up dozens of large companies using a mountain of debt, is beginning to falter.

And that could presage troubles at other firms.

In little more than a decade, Kohlberg, Kravis has risen from next to nothing, with $3 million of its own to invest, to control an empire that includes RJR Nabisco Inc., the tobacco and food giant, supermarket chains like Stop & Shop Companies Inc. and Safeway Stores Inc., and Duracell Inc., the big battery maker.

Analysts now say several of the firm's recent deals, known as leveraged buyouts, will generate losses or poor returns for investors, or even bankruptcies.

In recent weeks, two companies that Kohlberg, Kravis helped to acquire — SCI Television Inc., which consists of six network stations, and Seaman Furniture Co., the second-largest national furniture retailer — said they could not meet interest and principal payments.

At least two other companies — Beatrice Co., the food giant, and Jim Walter Co., the construction concern — look as if they will disappoint investors.

And Owens-Illinois Inc., the glass and plastic company, is not turning out to be the smart acquisition many expected when the firm acquired it in 1987.

Trouble at Kohlberg, Kravis could have far-reaching effects.

In response to a series of tumultuous takeover battles, Congress is considering new laws to curtail the use of debt. If deals engineered by the most prominent leveraged buyout firm come unglued, it could tip the balance in favor of greater regulation.

Representative Byron L. Dorgan, Democrat of North Dakota, said: "If a good many of these companies

See KOHLBERG, Page 14

EVEN TO STAY WHERE YOU ARE, YOU HAVE TO MOVE.

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TDB
AMERICAN EXPRESS BANK

Thursday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

(Continued on next page)

NYSE Highs-Lows

NEW HIGHS 55

AnchorGlb, BurlNthn, CyclopsCp, DaytonHud, EdisonBros, FstMacMCap s, GNSU Mdpf, InaIM 2156f, InaIM pf, InaIM 22Bpf, KelwoodCo, MedtronicCp, MedtronicPrA n, Ryland, Tiffany s, Whitehall, ArcoChem n, CedarFair, CnPw 41dpf, DelmarCo, FedExpress, Genesco Inc, HmstkGroup s, IndiM 22Bpf, Kaysim s, MedtronicWt, OsmonicsCos, SouthwAsia, Timken, WorldCorp, Asarco Inc, CenteriorEn, Crane, DresserEne, FtCityBd pf, GoGolf s, HumanaInt s, InaRand, Kaysim s, MedtronicWt, OsmonicsCos, SouthwAsia, Timken, WorldCorp, BlocHlt, ColSP 1525p, CyprusMin s, DukeLt 23Bpr, EdisonCon$, GraceCo, IIITrW 22Bpf, IntlCo, NiMedia wt, MorganKer, PetrieStr, ToysRU s

NEW LOWS 16

BestBuy, EGK Rfy, MAI Basic, TocomaBoat, CelREIT wt, GEO Intl, HiMk adj pf, Thertec, CircleK, ImpCpAsm, MarkEI, TucsonEP, CelrFd, MACOM, Rexene, Winnebago

AMEX Highs-Lows

NEW HIGHS 24

Alza un, BlinksMfg, vtEAL 312pf, MSA Rfy, SmmsonEng, TexasAirCp, BakerMich, DfficeMM, FidelFncl, OldSpg s, 3Dlr 72Bpr, ThermoPrc s, BaldwinTch, EvgreenPd, FruitLoom, Power s, Satos Corp, ThreeD B, BerzenBrun s, DevonEng pf, Ionics, PresidO A, T2 Med, ThreeD A

NEW LOWS 8

DivlHotel, SoreInc, NetRity s, UnCapri n, PicoProd, Vintage Ent, Skolnk n, WinshnRsc

The Global Newspaper.

Thomson and Philips Discuss Defense Units

Compiled by Our Staff From Dispatches

PARIS — France's state-owned electronics group, Thomson SA, said Thursday it was talking with the Dutch group Philips NV about Philips's defense business.

Earlier in the day, Philips's French unit, Telecommunications Radioelectriques et Telephoniques, suspended trading in Paris.

"Discussions are underway between Philips and Thomson over the future of Philips's defense business and TRT's defense business in France," a Thomson spokesman said in response to inquiries. A TRT official declined comment.

In the Netherlands, a Philips spokesman said, "We are engaged in talks with Thomson about European defense activities, but we can not say anything about the nature or contents of these discussions."

Philips previously confirmed that it was talking to Thomson about the future of Philips's Dutch defense electronics subsidiary, Hollandse Signaalapparaten, known as HSA.

Analysts said that the news of the talks about TRT was a further signal that Philips is determined to move out of defense electronics, although the French subsidiary is a relatively minor part of the Dutch company's overall defense activities, which are estimated to be worth 3.5 billion to 4 billion guilders ($1.6 billion to $1.8 billion) in annual sales.

Peter Schouten, an analyst at the Amsterdam-based investment bank Pierson, Heldring & Pierson, said the talks on TRT were a logical development for both Thomson and Philips.

"I would have been surprised if Thomson had been interested only in HSA and not in a Philips company located right in its own territory," he said.

Like other analysts, he said Philips's move out of defense electronics was a good step: "In this time of *glasnost*, the outlook for sales of defense electronics and systems is not really that wonderful, and these activities have not been very profitable for Philips for some time now."

He estimated that the possible divestment of HSA alone could produce an extraordinary gain of 250 million guilders for Philips.

(Reuters, IHT)

Charterhouse Buys Fleer, Maker of Dubble Bubble

The Associated Press

PHILADELPHIA — Fleer Corp., a 104-year-old maker of baseball cards and Dubble Bubble chewing gum, has been acquired by Charterhouse Group International Inc., a partly European company that specializes in leveraged buyouts, Fleer said Thursday.

The announcement of the deal, completed Friday, was made by the chairman and chief executive of Fleer, Frank M. Mustin. The purchase price was not disclosed.

Charterhouse is owned by five financial institutions in Europe, one of them Royal Bank of Scotland, and by two U.S. principals, Merrill M. Halpern and Jerome L. Katz.

Paul Mullan, former general manager at Leaf Inc., will be chairman of the firm, which will be called Charter Confectionery Inc. Leaf makes Milk Duds candy, Clark candy bars and Donruss baseball cards.

Mr. Mullan said that he intended to pursue aggressive growth of Fleer's confectionary products and card business.

Fleer, a family business founded in 1885 by German immigrants, has more than 500 employees. Besides its Philadelphia plant, the company has operations in Spain, West Germany, Canada and Morocco. In 1988, Fleer had sales of more than $50 million.

Fleer said its shareholders decided it was better to conclude a sale now than to continue as a family business.

Topps Chewing Gum Inc., a major competitor, was acquired in a similar deal six years ago when Forstmann, Little & Co., a leveraged buyout specialist, arranged a cash purchase for $94.5 million.

Mr. Mullan said Charter would borrow cash to pay Fleer stockholders for their shares, but added that the company would not assume the heavy debt that has marked some leveraged buyouts.

Mr. Mustin will become president of the company's international division.

JAGUAR: *Luxury Automaker Is Striving to Hold On to a Rough Road*

(Continued from first finance page)

Middle East, a weak dollar-strong pound combination hurts.

For every one cent drop in the dollar, Jaguar loses about £3 million in pretax profit, Sir John said. He added that *about £60 million* of pretax profit will be forfeited this year as a result of currency trends.

"For Jaguar, at something like $1.70 to the pound, we don't make an awful lot of money," he said. "I would be foolish to assume that we could overcome *the problems of* exchange rates when we export 75 percent of what we do."

Stephen Reitman, who tracks Jaguar for UBS/Phillips & Drew in London, said: "This year's figures are going to be terrible. We're looking *for £17 million in pretax profit* for the full year."

The dollar closed Thursday at $1.5560 in London. It has averaged $1.69 against the pound for the year as a whole, compared with $1.78 in 1988 and $1.64 in 1987.

To narrow the impact of the currency movements, Jaguar traditionally hedges 75 percent of forecast returns from exports over 12 months. In 1988, it hedged at an average rate of $1.70 for the current year.

Sir John said, "The average for the hedging we've already done into next year is $1.61, but we are by no means fully hedged, only a number of months."

Sanjay Dabysing, auto analyst with consultants DRI Europe in London, said, "Their main problem seems to be the United States, but they're doing well in Europe and Japan."

Jaguar was looking for an increase in overall production this year to between 53,000 and 54,000 units, compared with 52,000 in 1988.

The projected rise was "based on flat sales in the U.S. and slightly higher sales in Europe and Japan," said Mr. Dabysing. "But sales in the U.S. seem to be on a downturn, a bigger downturn than the increases achieved in other markets."

Sir John said that production for the group as a whole this year will total about 50,000 units.

Last year, Jaguar sold almost 21,000 cars in the United States, its largest market, where standard models sell from $44,000. For the current year, Sir John expects about 20,000 Jaguars to be sold in the United States, down from an earlier target of 23,000.

In the first seven months of the 1989, sales in the United States fell 5.2 percent, to 10,837 cars from 11,436 a year earlier. Other European exporters of luxury cars, such as Porsche, Alfa Romeo, Daimler-Benz, Saab and Audi have been hit even harder. Only BMW has lifted its U.S. sales in the period, by about 1 percent.

Porsche, which eliminated its cheapest model range, has dropped 43.6 percent, Alfa 36.7 percent, Daimler-Benz 16.2 percent, Saab 13.3 percent and Audi 10.6 percent, according to UBS/Phillips & Drew.

"Everyone is finding the going tough," said Mr. Reitman. "Jaguar maintains a niche position and so is suffering less than many of the broader, upscale exporters."

In a rare comment about a competitor, Sir John said of Porsche: "Their sales in the U.S. are a disaster zone. Porsche's dropped off the bottom end of their production. But we don't have a bottom end."

The dollar, a generally weak U.S. auto market and competitive discounting by other European importers forced Jaguar's hand earlier this year in offering similar temporary discounts, or "loyalty bonuses," to existing U.S. customers. Jaguar also faces new competition from Toyota Motor Corp. and Nissan Motor Co.

"If we didn't join in, we'd have got knocked over by the rush," Sir John said. "It was an expensive program. We'd never reduced the price of anything."

While the move will help clear the entire U.S. inventory of some 1,500 units of 1989 models, the $5,000 per car rebate on the $44,000 *XJ6 sedan will cost the* company more than $7.5 million.

Keith Williams of London brokers Barclays de Zoete Wedd said: "We're expecting £15 million pretax at Jaguar this year" and a price-earnings ratio of 7*7*.

Despite the decline in Jaguar's profitability, the company's share price has climbed sharply in recent months — less on expectations of a profit turnaround than on bid speculation. Jaguar's P/E ratio, based on projected 1989 earnings, is more *than 5 times the average of 13 for* the London Stock Exchange.

Jaguar's shares, currently trading at around 394 pence, had languished in a 300 pence-to-320 pence-per-share range earlier *this* year until a report appeared in May *in the Chicago Tribune.*

The report quoted the chairman of Ford Motor Co., Donald E. Petersen, as saying that he "admired" Jaguar for its "renaissance, especially in terms of quality."

Mr. Petersen added that Jaguar had made "remarkable improvement," in a business "where we don't presently play."

Since the report, which sent Jaguar's shares up nearly 10 percent the following day, the share price has continued to "go ahead on bid speculation," Mr. Williams said.

"On fundamentals," he added, "the price should not be above 250 pence."

"But there is also some expectation that Jaguar will recover next year," he said.

For now, talk of an imminent bid is academic. When the British government returned Jaguar to the private sector in 1984, it retained a special "golden share" that prevents a single shareholder from owning more than 15 percent of the company until Jan. 1, 1991. A takeover prior to the end-1990 redemption of the golden share would be allowed if the bid received government and shareholder approval.

"I believe this year's profit numbers are no longer relevant for the share price," Mr. Reitman said. "The market is focusing more and more on the value of Jaguar to other manufacturers, which would be realized upon the expiry of the golden share."

Mr. Reitman added that Jaguar's prestige label and its net liquid assets — some $5.7 billion — make the company an attractive takeover target for such financially sound automakers as Ford, General Motors Co. and Volkswagen AG.

He said that any bidding for upscale Jaguar would start at £6 a share and added that he "would not rule out £10 a share, or at least £1.8 billion" for the group.

Mr. Reitman said falling profits at Jaguar and the bid speculation is putting a squeeze on Sir John and his management team.

On Sept. 13, when Jaguar reports half-year earnings, the squeeze could intensify. Analysts say the company could show a 69 percent decline in pretax profit, to £7 million in the first six months, after £22.5 million a year earlier.

Sir John said that the company will do "better than break even" this year.

Mr. Reitman said: "The potential for a profit turnaround is immense."

The question is whether the shareholders will stick with the management and resist very attractive offers when the golden share expires."

Mr. Dabysing is certain a takeover will materialize.

"*It will be very, very difficult for* Jaguar to stay independent after 1990," he said. "The company would probably welcome being bought by a group as big as Ford. It would mean that Jaguar could stay in existence, sell in bigger numbers and sell through Ford's extensive dealerships" in the United States.

But Mr. Williams believes Jaguar will certainly not welcome a takeover and that the volume auto makers may not rush into a bidding war for the last remaining independent British car maker.

Mr. Williams said that a joint-venture between Jaguar and a leading volume producer was a real prospect. General Motors, one candidate, has a long-standing relationship with Jaguar as a supplier of transmissions.

Sir John, who publicly insists on maintaining Jaguar's independence, said: "There's absolutely no evidence that people are building a stake in the company."

The Jaguar chief leaves open the idea of joint ventures. "If we could see something that was attractive and didn't impinge upon our independence, we would certainly give it a very good examination."

According to Mr. Dabysing, the problem with a joint venture is that "you have to give and take."

"Apart from two models of cars, Jaguar doesn't have anything to give," he said.

Sir John, who has led the group since 1980 and helped boost its global share of the $40,000-plus luxury market to about 20 percent from the low-teens, sees his best defense as boosting the company's share price substantially before 1991 rolls around. His strategy is to talk plainly about the benefits of belt-tightening coupled with long-term investment. These, he says, should register gains in the form of improved models and productivity.

Much of his energy is concentrated on meeting his ambitious *three-year program, launched this* year, of cutting costs at the group's plants by £150 million. Jaguar will not achieve a full £50 million reduction in costs this year, but Sir John said he was pleased with the savings so far.

The Jaguar executive places great store in a new 4-liter model for 1990, which will be launched at end of next month and carries with it Jaguar's hopes of reversing the slump in the United States.

But Andy Chambers, an analyst with the Nomura Research Institute in London, was skeptical.

"The new 4-liter sedan may encourage existing owners to trade up," he said, "but whether it will lead to an increased market penetration is questionable."

Porsche May Build 6-Seat Model

Reuters

COLOGNE, West Germany — Porsche AG is considering building a car that could seat six people, the management board member for research and development told a German weekly magazine.

In an advance copy of Auto Zeitung, Ulrich Bez said he wanted to make Porsche's future models more appealing. "That could be either a two-seater or a six-seater," he was quoted as saying.

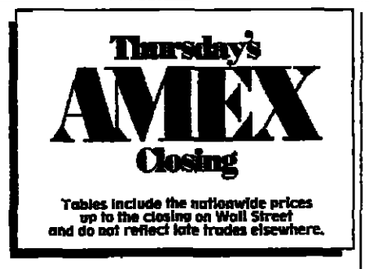
He added that Porsche's strategy should be to grow through quality and not quantity. "We can retain our world market position with annual unit sales of 30,000 to 35,000."

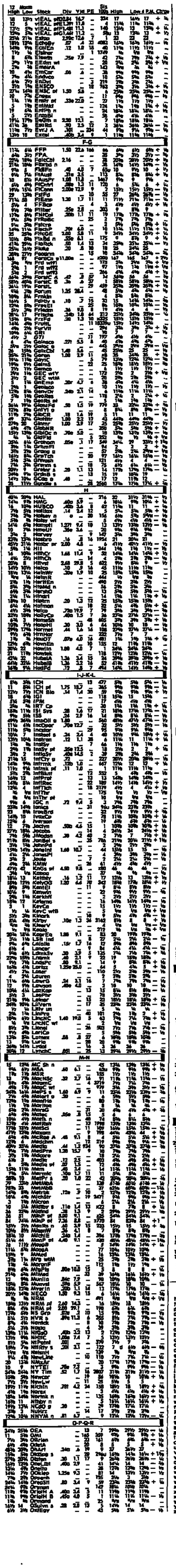
Earlier this month Porsche said unit sales in the year ended July 31 were less than 30,000 and were valued at 2.5 billion Deutsche marks ($1.29 billion). The target had been 32,000 units worth 2.7 billion DM.

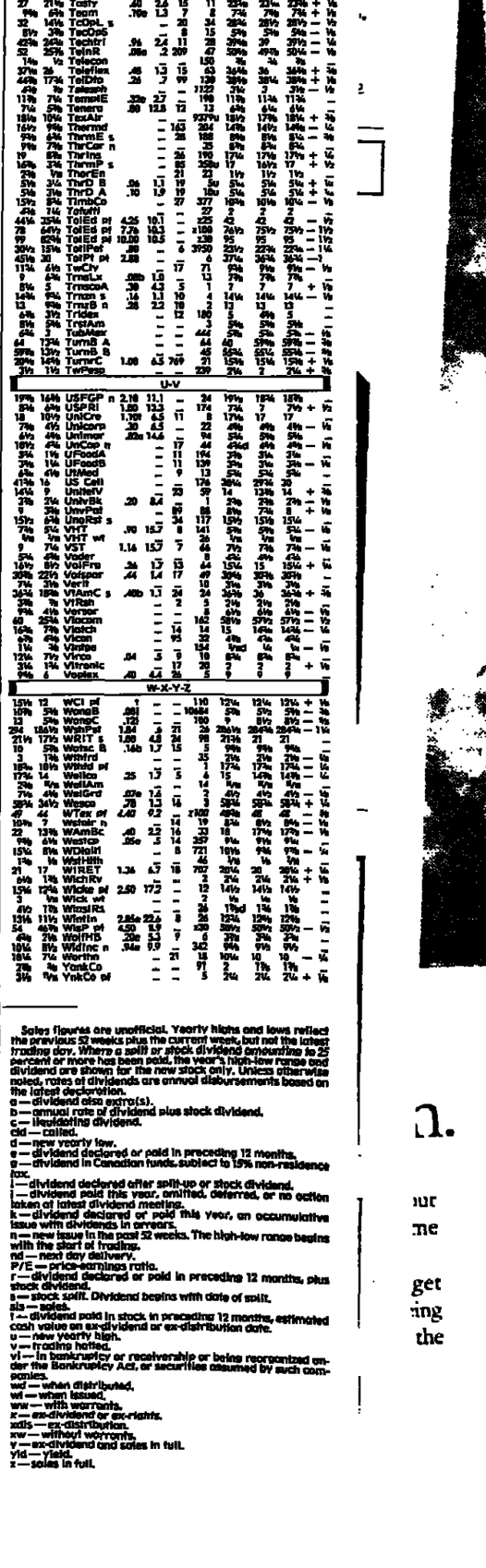
Mr. Bez said Porsche must create markets in the sports-car field to avoid allowing existing markets to dictate what it should do.

Thursday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.



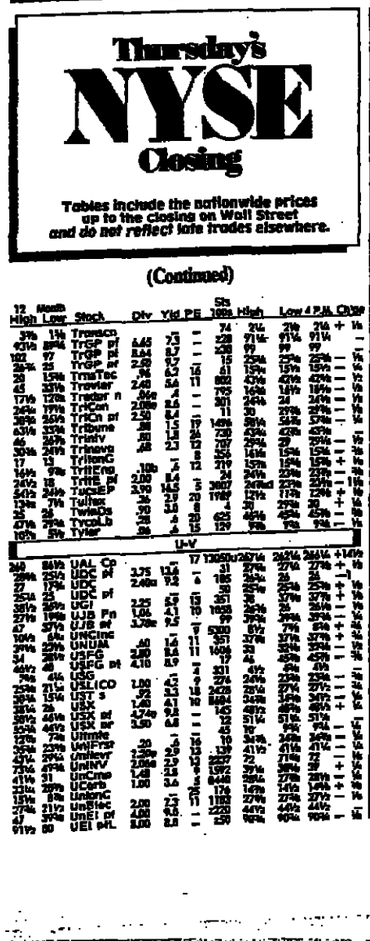


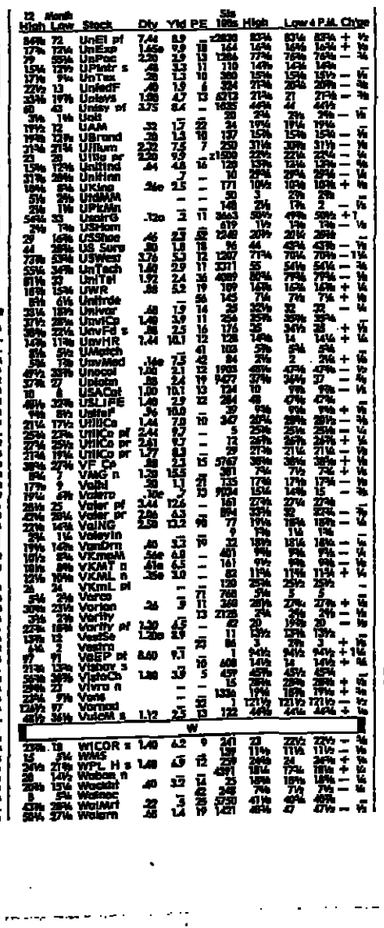


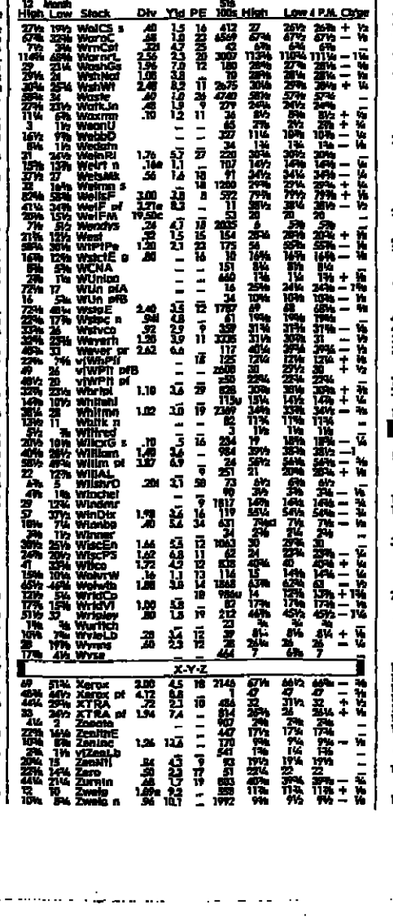
Thursday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)







Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a — dividend also extra(s).
b — annual rate of dividend plus stock dividend.
c — liquidating dividend.
cld — called.
d — new yearly low.
e — dividend declared or paid in preceding 12 months.
f — dividend in Canadian funds, subject to 15% non-residence tax.
g — dividend declared after split-up or stock dividend.
i — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k — dividend declared or paid this year, an accumulative issue with dividends in arrears.
n — new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd — next day delivery.
P/E — price-earnings ratio.
r — dividend declared or paid in preceding 12 months, plus stock dividend.
s — stock split. Dividend begins with date of split.
sls — sales.
t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u — new yearly high.
v — trading halted.
vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd — when distributed.
wi — when issued.
ww — with warrants.
x — ex-dividend or ex-rights.
xds — ex-distribution.
xw — without warrants.
y — ex-dividend and sales in full.
yld — yield.
z — sales in full.

Banco Santander Takes 3% Stake in Kemper

Reuters

MADRID — Banco Santander said Thursday that it had bought a 3 percent stake in Kemper Corp., the parent of Kemper Financial Services Inc., a leading U.S. specialist in fund management and other financial services.

Santander said that the purchase made it one of Kemper's leading shareholders. Although details on the deal were not provided, sources close to bank said that the stake in Kemper was worth $60 million.

The Spanish bank said that the share purchase was part of a wide-ranging cooperation agreement signed in Chicago a week ago by the chairman of Santander, Emilio Botín, and the president of Kemper Financial Cos., Thomas Anderson.

The agreement covers fund management, mergers and acquisitions, share and bond trading and other activities of both groups in the United States, Spain and other countries where Santander has a presence.

A Kemper Financial Cos.' subsidiary, Prescott, Ball & Turben, will act as dealers for Santander's commercial paper in the United States.

The share purchase is part of Santander's international strategy of building alliances in the United States, Europe and Japan.

Last month, Nomura Securities Co. said it was taking a 1.5 percent stake in Santander's common stock and a 10 percent holding in its merchant banking unit, Banco Santander de Negocios, in the form of convertible bonds.

In October, Santander signed an asset-swap agreement with Royal Bank of Scotland Group PLC that provided for Santander to take a 9.9 percent stake in Royal Bank of Scotland, which in turn took an initial 0.5 percent stake in Santander.

Kemper Financial Services has 3 million clients.

BNP to Buy Spanish Stake

Reuters

PARIS — In a bid to expand its retail banking presence in Spain, Banque Nationale de Paris said Thursday that it intends to take a majority stake in Banco de Credito y Ahorro, a subsidiary of Spain's Banco Bilbao Vizcaya.

In return, Bilbao said that it will gradually acquire control of BNP's Crédit Universel unit, which specializes in consumer credit and has 85 branches in France. Banco de Credito y Ahorro has 45 branches in Spain and Bilbao said it intends to contribute an additional 40 branches to the deal. The deal with thus increase the branch network of BNP's Spanish subsidiary to 142 branches.

Jacques-Henri Wahl, a BNP managing director, gave no financial details but said that the operation remained to be evaluated.

Citicorp Deal in Hungary

Reuters

LONDON — Citicorp said Thursday that a subsidiary, Citibank Budapest RT, signed an agreement in Budapest for the completion of Hungary's first management/employee buyout.

Citibank Budapest will lead a syndicate of investors comprising senior and middle management, employees and the Berger family, owners of a leading Austrian stationery supplier, in the buyout of Apisz, the state-owned wholesale stationery supplier in Hungary.

The syndicate will acquire the assets and business of Apisz for 700 million Hungarian forints (about $11.9 million). Citicorp will retain a stake of just over one third in the company, which had sales of 5 billion forints.

Citicorp said the deal had been made possible by recent changes in Hungarian legislation, through which the government is encouraging the privatization of state-owned companies.

"A shortage of investment capital within Hungary indicates that foreign investors will be offered significant opportunities," Citibank said.

Fuji Reportedly Prepared to Raise Stake in U.S. Dealer

Reuters

TOKYO — Fuji Bank Ltd. is likely to take the controlling interest in a U.S. primary dealer after the Federal Reserve Board submits a study to Congress next week on U.S. access to foreign debt markets, sources said.

Banking sources said Fuji may raise its stake in Kleinwort Benson Government Securities Inc. to 80 percent from 24.9 percent.

The sources said Kleinwort Benson Group PLC, parent of Kleinwort Benson Government Securities, has already agreed to sell Fuji its controlling stake.

Last December, the Federal Reserve allowed Fuji to take its 24.9 percent stake in the Kleinwort unit, and said it would consider allowing Fuji to raise its stake to 80 percent at an unspecified future date.

A Fuji Bank official said it has not decided whether to take the option.

"But after we see the Fed report on August 23, we may talk with parties concerned, including Kleinwort Benson, and decide what to do," he added.

If the study shows some foreign countries have not opened markets sufficiently to U.S. primary dealers, the Fed could drop firms from those countries from the list of U.S. primary dealers, now totaling 42.

Primary dealers in U.S. Treasury securities are those authorized by the Fed and allowed to trade directly with the Federal Reserve Bank of New York.

Some foreign-owned companies, including Kleinwort Benson Government Securities, as well as Japanese-owned dealers, are believed to be under Fed scrutiny, the sources said.

But three firms owned Japanese banks and covered by a grandfather provision will not be subject to any action, a Fed official said. They are Aubrey G. Lanston & Co., Sanwa BGK Securities Co. and Greenwich Capital Markets Inc.

Aubrey G. Lanston is wholly owned by a New York subsidiary of Industrial Bank of Japan Ltd. Sanwa-BGK Securities is 80 percent-owned by Sanwa Bank Ltd., and Greenwich Capital Markets is wholly owned by Long-Term Credit Bank of Japan.

Japan's four major securities houses also have U.S. primary dealer subsidiaries, which are believed to be subject to the Fed consideration, the sources said.

But as the Aug. 23 deadline draws near, speculation is growing the Fed will decide against retaliatory action and allow Fuji Bank to go ahead with the takeover, they said.

Fuji said it may consider the issue after the study — which is required under the Primary Dealers Act of 1988 — comes out, but declined to comment further.

KOHLBERG: *As Some Deals Turn Sour, Wall Street High-Flyer Comes Back Down to Earth*

(Continued from first finance page)

begin to fail, those who have been skeptics will have a substantial amount of ammunition to try to slow this thing down. Those of us who have been moving to disallow interest deduction on junk bonds will be given a substantial boost."

Already, some of the firm's investors, as well as industry experts, say they think the firm will have trouble raising as much money as it did in the past. Both bond investors and bank lenders say they would scrutinize Kohlberg, Kravis deals more carefully before backing them.

In a leveraged buyout, a group of investors buys a company, often in cooperation with its top managers, and pays for it largely with borrowed money.

In theory at least, the owners instill a new rigor by chopping away at bloated staff levels and selling unneeded assets like corporate jets. The company is then resold for a handsome profit.

And since the investors put in so little in the initial purchase, profits can be gargantuan.

Kohlberg, Kravis is by no means the only firm whose buyouts are having difficulties. But its reputation, the size of its deals and its pre-eminence make its situation significant.

Since its inception in 1976, Kohlberg, Kravis has acquired 35 companies at a cost of more than $62 billion, which would make up the largest industrial conglomerate in America, a colossus that the firm oversees with just 5 general partners and 14 associates.

And Kohlberg, Kravis is as active as ever.

It figures as a potential bidder for UAL Corp., owner of the second-largest U.S. airline, and BAT Industries PLC and BTR PLC, two British conglomerates.

Kohlberg, Kravis's three founding partners have become fabulously wealthy and known in business circles worldwide.

Jerome Kohlberg Jr. and his former partners, Henry R. Kravis and George R. Roberts, are each estimated to be worth more than $300 million. Mr. Kohlberg left the firm in 1987, saying he had philosophical differences with his partners and wanted to make deals "where reason prevails."

Mr. Kravis, 45, has become highly visible on the New York scene, especially since his marriage in 1985 to Carolyne Roehm, a fashion designer.

By contrast, Mr. Kohlberg, 64, who now runs his own buyout firm, and Mr. Roberts, 45, who works out of Kohlberg, Kravis's office in San Francisco, tend to shun the limelight.

Some financial experts now say that the pioneering firm, eager to repeat its successes on an ever larger scale, has strayed from its early investment principles.

Even some of its own investors are concerned that the fees the firm charges on a deal have grown so greatly — from less than $1 million to $75 million — that Kohlberg, Kravis is now more interested in doing the next big transaction than in making sure it is a good one.

"I am relatively certain they won't generate the 50 percent-plus returns that some people used as a basis for investing in leveraged buyouts," said Scott M. Sperling, a partner at Harvard Management, which has invested with Kohlberg, Kravis since 1982.

In an interview last week, a Kohlberg, Kravis partner, who did not want to be identified, conceded that SCI Television and Seaman were having difficulties, but said they might still work out the problems.

As for returns slipping to 20 percent, he said: "I don't believe it's going to happen," adding that so meager a harvest would be "unacceptable." At that level, Kohlberg, Kravis would join the ranks of more traditional managers.

In the beginning, Kohlberg, Kravis attributed its success — with 63 percent returns, compounded annually, on its first 16 deals — to a vast network of investment bankers, lawyers and accountants who helped it turn up bargains.

As the years went on, however, Kohlberg, Kravis often said the high returns resulted from the large size of its deals.

Leveraged buyout firms earn money three ways. They charge investors a 1.5 percent fee for managing their money. They keep 20 percent of any gains they generate. And they charge the companies they acquire a fee — typically 1 percent of the size of the deal — for negotiating and arranging the transaction. So as the deals grew, so did the fees.

Although Kohlberg Kravis's fees were initially in line with other competitors, they gradually began exceeding the norm. When the firm sold a division or a company, for example, it charged a divestiture fee. The firm also charged directors' fees, typically $25,000, for sitting on company boards.

As Kohlberg, Kravis's fees soared, its stake in its investment pools shrank as a proportion of those funds.

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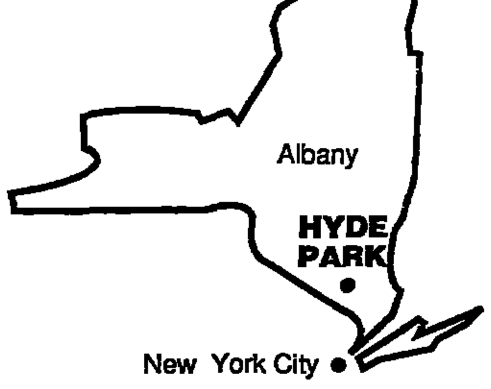

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Forbes Lake of the Ozarks

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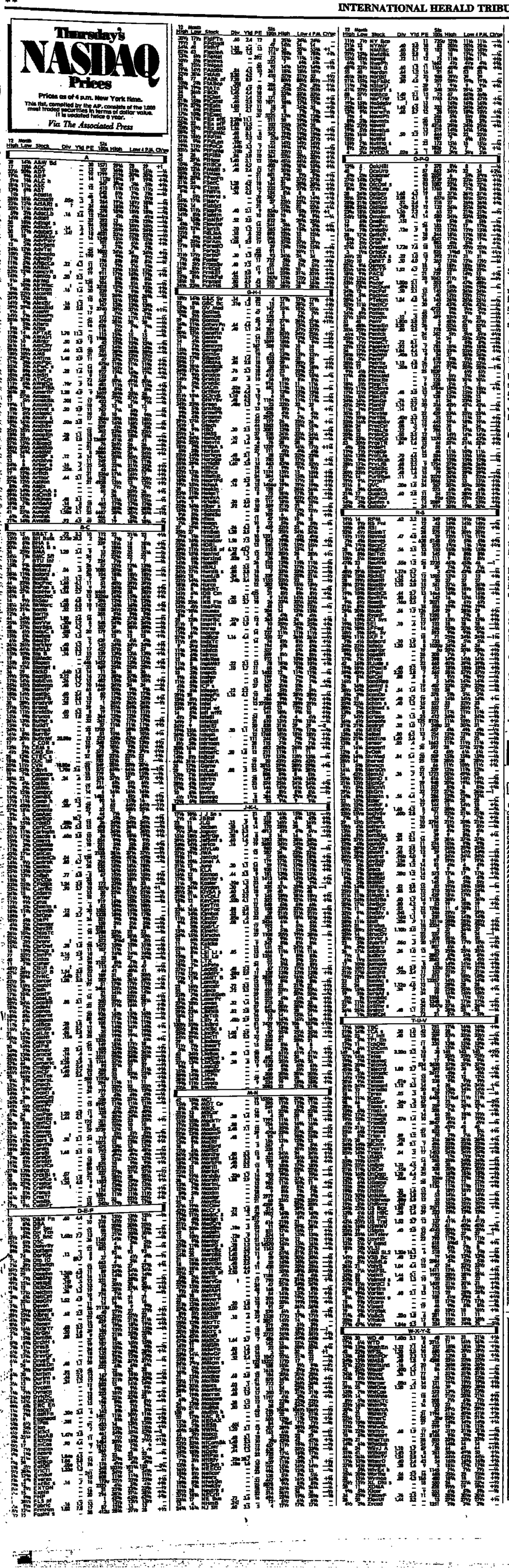
Herald Tribune

Thursday's NASDAQ Prices

Prices as of 4 p.m. New York time.

This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Via The Associated Press



FINANCIAL MARKETS

Dollar Surges on U.S. Trade Data

Reuters

NEW YORK — The dollar gained nearly 2½ pfennig and 1½ yen on Thursday, propelled by economic data that showed a narrower U.S. trade deficit and less likely prospects for a U.S. recession.

But the currency was rebuffed when it challenged the 1.97 Deutsche-mark level. Dealers were also wary during the day of intervention from central banks.

The dollar soared to 1.9640 DM from 1.9405 DM on Wednesday, and to 143.52 yen from 142.05 yen.

It also climbed to 1.6935 Swiss francs from 1.6705 francs, and to 6.6295 French francs from 6.5525 francs.

The pound fell to $1.5610 from $1.5815.

The U.S. trade deficit for June narrowed to about $8.2 billion from a revised $10.1 billion in May, spurring the market to early gains. The market had expected a trade shortfall of about $9.2 billion.

Unsuccessful attempts to break through 1.97 DM frustrated dealers, some of whom who were prepared for an explosive rally.

"The market wants to buy dollars and is being disappointed," said Stuart Frost, a technical trader at National Westminster Bank. "After the trade report, people were expecting the scenario of a few months ago when the dollar went through the roof over the trade figure."

Holding the dollar down, dealers said, was the fear of intervention. Dealers said the Federal Reserve had telephoned banks to make special checks of currency levels, to send a clear signal that intervention was possible.

Discreet intervention has been rumored throughout the morning, though dealers could not confirm that any intervention had taken place. They said the Fed was far more likely to intervene discreetly rather than publicly.

"Noisy public intervention gives the market a whole lot of information, and might open the door to more buying of dollars," said a dealer.

In London trading earlier, the dollar rose sharply on the U.S. trade data.

But an early surge was capped by profit-taking and fear of central bank intervention in tense late trading, dealers said.

The dollar finished at 1.9680 DM, up from 1.9410 DM at Wednesday's close, and at 143.95 yen, compared with 142.10 yen.

It also rose to 1.7000 Swiss francs from 1.6720 and to 6.6425 Swiss francs from 6.5600 francs.

The pound fell to $1.5560 from $1.5785.

"I think it will now consolidate at these higher levels," said Martin Kay, Mellon Bank's assistant vice-president, corporate treasury.

Although the dollar reached a high of 1.9710 DM and three times tested resistance at 1.97 DM, it failed to move convincingly above this level. Volume was heavy, dealers said.

Wariness over possible discreet intervention by central banks and intermittent profit-taking both capped the dollar's rise, dealers said, as did comments by a Bank of Japan official that the United States and Japan were displeased by the surge.

"It was a good number, but it wasn't a miracle number," said Mr. Kay, adding that dealers had large dollar positions the data became of a widely held opinion that the U.S. economy is heading for a soft landing rather than recession.

"The fundamentals have improved so much this year and the U.S. currency will go up further unless interest rates are cut," said Albert Edwards, an economist at Kleinwort Grieveson in London.

London Dollar Rates

Closing	Thu.	Wed.
Deutsche mark	1.9480	1.9410
Pound sterling	1.5560	1.5785
Japanese yen	143.95	142.10
Swiss franc	1.7000	1.6720
French franc	6.6425	6.5600

Source : Reuters

TRADE: *U.S. Deficit Is Lowest in Over Four Years*

(Continued from Page 1)

bined with a decrease in their imports, "suggests that in a softening domestic economy, U.S. capital goods manufacturers are shifting from meeting slackened domestic demand to fulfilling continuing global demands."

In spite of the rise in the value of the dollar, the trade deficit for the first half of the year dropped about 10 percent, to $54.3 billion, compared with $60.2 billion for the similar period last year. Exports increased about twice as fast as exports so far this year.

On an annual basis, this year's trade deficit is running at a rate of $108.6 billion — an 8.4 percent decrease from last year's $118.5 billion.

Analysts are divided as to whether the improvement will continue.

Mr. Sinai expects the trade deficit to keep falling despite the stabilizing of the dollar at a high level.

"The dollar is firm because the trade deficit is improving, thanks to faster growth overseas and slower growth in the United States," he said.

But other economists believe the deficit will suffer in the last six months of the year because of the higher dollar.

"The trend shows that the trade deficit is improving, but it is improving very slowly," said Larry Chimerine, senior economic advisor for the WEFA Group, an economic consulting firm.

He added that the improvement was due to a sluggish U.S. economy, not an improvement in the country's competitive position.

Michael Evans, head of Evans Economics, a Washington-based forecasting firm, said: "We are looking for a substantial widening of the deficit in the last part of the year as the value of the dollar begins to cut into export sales."

The trade deficit benefited from a drop in U.S. spending on imported oil, which fell to $4.2 billion as both the price and volume of foreign oil entering the country fell.

But that may be not last. The American Petroleum Institute reported Wednesday that imported oil supplied more than half of the country's demand in July for the first time in 12 years. Those numbers were not reflected in the trade figures released Thursday.

Once again, the United States ran its largest trade deficit with Japan — $3.9 billion. This represented 43 percent of the total U.S. shortfall.

The trade deficits with the United State's three largest trading partners — Canada, Japan and Mexico — all declined in June.

The deficit with Canada dropped to $568.8 million from $721.2 million, while the deficit with Mexico declined to $98.8 million from $452 million.

The deficit with the four newly industrialized nations of Asia — Hong Kong, Singapore, South Korea and Taiwan — also fell to $1.8 billion from $2 billion.

But the deficit with Western Europe grew to $224.6 billion from $76.3 billion, while the surplus with the European Community dipped to $44.5 million from $109 million.

Chicago Sets Cheat-Proof Terminals

New York Times Service

CHICAGO — Moving to bolster investor confidence following the indictment of 46 of their members, the two largest U.S. commodities exchanges have announced that they will develop a new tamper-proof, hand-held computer terminal to prevent the sort of abuses that occurred under their traditional pencil-and-paper system.

Leo Melamed, chairman of the Chicago Mercantile Exchange's executive committee, said Wednesday: "These instruments will not have an eraser at one end. There will be no way to change the time of execution once it is keyed in."

According to indictments, falsification of trade times was the primary way that indicted exchange members cheated their customers. The new electronic recording system, which the Merc and Chicago Board of Trade said they would develop jointly at a cost of at least $5 million, is expected to be ready a year from now.

The exchanges envision a box weighing six ounces to two pounds (170 to 900 grams) and no bigger than 4 inches by 8 inches (10 by 20 centimeters) that traders would take into the trading pits with them. Trades could be punched in, or perhaps entered by a stylus. They will be powered by rechargeable batteries good for eight hours.

Karsten Mahlmann, chairman of the Chicago Board of Trade, said, "This will put to rest any question — and the memberships have fully embraced the concept — of when a trade took place, at what price, and with whom it took place."

Although in recent weeks both exchanges have taken other steps to make investors feel more secure, there are no plans to drop the exchanges' open-outcry method of trading, under which traders shout bids and offers to one another.

The new terminals will replace the next step in trading, under which traders write orders on cards and hand them to clerks who take them to broker stations. There the trade is time-stamped and reported to the customer.

"This is a major breakthrough that focuses on exactly the issue that the indictments addressed," said James A. McGurk, a defense attorney in Chicago with a background in both commodities and criminal law.

Floating-Rate Notes

Aug. 17

Dollars

Issuer/Mat.	Coupon Next	Bid	Asked
Abn Perp New	10.06	99.78	99.88
Bk Greece Mar 99	10%	99.69	99.82
Ribwo Perp	10.66313	99.78	99.86
Bf Of Victoria 99/04	9.65	99.72	99.82
First Interstate 94	9.563	99.91	99.99
Cho Jun 2000	9.388	99.93	99.98
Mellon Jul 94	9%	99.99	99.99
Alcatel Finance Jul01	8.788	99.81	99.95
Alberta 93	9.094	99.92	100.00
Alb Perp	9%	99.81	99.89
Alb Perp Cap	9%	99.89	99.99
American Express 97	9%	99.89	99.99
Amex Sob BkMor99	9%	99.89	99.99
Anz Perp	10.3363	99.89	99.99
Aoss 99	9%	99.89	99.99
Bci 98	9.275	99.89	99.99
Bco Di Napoli 97	9%	99.89	99.99
Bco Di Napoli 91	10	99.89	99.99
Bco Di Roma Jun01	9.25	99.89	99.99
Bco Santo Sak'ito 93	10%	99.89	99.99
Bk Ireland Perp	9%	99.89	99.99
Bk Nova Scotia 85	10%	99.89	99.99
Bk Scotland Perp	10%	99.89	99.99
Bankers Trust 2000	9%	99.89	99.99
Bankers Trust 1996	1.100	99.89	99.99
Bfcl Int 93(Mthly)	9%	99.89	99.99
Bfcl Int 91	9.06	99.89	99.99
Bq Indosuez 97 New	9%	99.89	99.99
Bnp (Cop)	9.563	99.89	99.99
Bnp Nov 96	9.563	99.89	99.99
Bq Indosuez 97 (Cop)	10	99.89	99.99
Bnp 1995 Feb	9%	99.89	99.99
Bnp 97 (Cop)	9%	99.89	99.99
Bnp 1996 Jun	1.100	99.89	99.99
Bnp Perp	11.82525	99.89	99.99
Bnp 1997 Sep	10%	99.89	99.99
Bnp 2005 Mthly	9%	99.89	99.99
Bq Paribas Perp 1	9%	99.89	99.99
Bq Paribas Perp 2	9%	99.89	99.99
Barclays Cap Sec 1	9%	99.89	99.99
Barclays Cap Sec 2	9%	99.89	99.99
Barclays Perp Old	9%	99.89	99.99
Barclays O/S 94	10%	99.89	99.99
Belgium 1996 Jul	9%	99.89	99.99
Belgium 1997 Jan	9%	99.89	99.99
Belgium 1991 Feb	9%	99.89	99.99
Belgium 1994 Oct	10%	99.89	99.99
Bergen Bk Perp	9%	99.89	99.99
Bfcl 2005	9%	99.89	99.99
Cartaret S+L 96	1.300	99.89	99.99
Central 97/88	10%	99.89	99.99
Central Int 06/01/06	9%	99.89	99.99
Central 92/95	9%	99.89	99.99
Centrust Jun 96	9.713	99.89	99.99
Centrust Sep 96	10.4951	99.89	99.99
Chase 91	9%	99.89	99.99
Chase Man Corp Oc	9%	99.89	99.99
Chase Man 97	1.12	99.89	99.99
Chemical 99	9	99.89	99.99
Chemical Feb97	9%	99.89	99.99
Chemical Oct97	9%	99.89	99.99
Christiania Perp	9%	99.89	99.99
Chicorp 2005 Oct	9%	99.89	99.99
Chicorp 1995 Sep	9%	99.89	99.99
Chicorp 1996 Oct	9%	99.89	99.99
Chicorp Perp 1	9%	99.89	99.99
Chicorp 1998 Jan	9%	99.89	99.99
Chicorp 1998 May	9%	99.89	99.99
Chicorp 1997 Jan	9%	99.89	99.99
Chicorp Perp 2	9%	99.89	99.99
Citi Federal Aug93	9%	99.89	99.99
Citicorp May 96	9%	99.89	99.99
Citi Federal Oct93	9%	99.89	99.99
Citybld May 91	9%	99.89	99.99
Colombus S+L 96	9%	99.89	99.99
Comalco 95	9%	99.89	99.99
Commerzbk Aug93	9%	99.89	99.99
Cbd Perp Old	9%	99.89	99.99
Comm'th Australia 98	9%	99.89	99.99
Cr Du Nord 97	9%	99.89	99.99
Credit Foncier Oct98	9%	99.89	99.99
Cr Lyonnais 93/96	9%	99.89	99.99
Cr Lyonnais 1997 Dec	9%	99.89	99.99
Cr Lyonnais 1997 Cap	9%	99.89	99.99
Cr Lyonnais 93	9%	99.89	99.99
Cr Lyonnais 2008 Jul	9%	99.89	99.99
Cr Lyonnais Jan93/96	9%	99.89	99.99
Cnb Perp	9%	99.89	99.99
Dkb Fnd Sep97	9%	99.89	99.99
Den Danske Bank Perp	9%	99.89	99.99
Dnc Perp (Conv)	9%	99.89	99.99
Dnc Perp	9%	99.89	99.99
Denmark Aug96	9%	99.89	99.99
Dev Fin Corp Nz Perp	9%	99.89	99.99
Dresdner Fin 93	9%	99.89	99.99
Dresdner Fin 93	9%	99.89	99.99
Dresdner Fin 91	9%	99.89	99.99
Ecsc 1996 Mar(Cp)	9%	99.89	99.99
Emi 66/95 (Mthly)	9%	99.89	99.99
Emi 93	9%	99.89	99.99
Elb Nov 96	9%	99.89	99.99
Ferrovie May 97	9%	99.89	99.99
Ferrovie 94	10%	99.89	100.38
Fidelity Fed Oct 92	9%	99.89	100.38
A Fleississ Perp	10%	99.89	100.38
Fortune S+L 92	9%	99.89	100.38
Full Bnk Fncl Jan92	8.50	99.89	100.38
Full Bk Fncl Aug 91	9%	99.89	100.38
Full Bk Fncl Aug91	9%	99.89	100.38
Gib Perp	10%	99.89	100.38
Gt Amer'N 1st Sov 92	10%	99.89	100.38
Hill Samuel Perp	9%	99.89	100.38
Hong Kong Perp 1	9%	99.89	100.38
Hong Kong Perp 2	9%	99.89	100.38
Hong Kong Perp 3	9%	99.89	100.38
Household Jun96	9.65	99.89	100.38
Hydro 92 (Mthly)	9%	99.89	100.38
Hydro Perp	10%	99.89	100.38
Hydro May 95	8%	99.89	100.38
Ireland 1998 Jun	8.97	99.89	100.38
Ireland 2000 Nov	8%	99.89	100.38
Italy 96	9%	99.89	100.38
Jp Morgan 1997 May	9%	99.89	100.38
Kleinwort Perp	10%	99.89	100.38
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Lloyds Perp 2	9%	99.89	100.38
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Nat West Perp (C)	9%	99.89	100.38
Nat West Fin Pe Old	10%	99.89	100.38
New Zealand Aug 93	9.813	99.89	100.38
New Zealand Jan 94	9.547	99.89	100.38
Northeast Savings 96	8.725	99.89	100.38
Northeast Savings 95	9%	99.89	100.38
Portugal Dec 93	9.3	99.89	100.38
Comalco Oct01	9%	99.89	100.38
Rbs 94	9%	99.89	100.38
Rbs Nov98	9%	99.89	100.38
Rhonecentre Perp	9%	99.89	100.38
Rothschilds Perp	13%	99.89	100.38
Royal Bk Canada 2005	9%	99.89	100.38
Rbs Perp	9%	99.89	100.38
Royal Trust Sec 85	10%	99.89	100.38
Saitama Bk. Fncd 91	9%	99.89	100.38
Santa Barbara Aug96	9%	99.89	100.38
Santa Barbara Sep96	9%	99.89	100.38
Sanwa Intl Jun 93	8.788	99.89	100.38
Sec Pacific 97	10%	99.89	100.38
Soc Gen Tranche 1 96	10%	99.89	100.38
Soc Gen Perp	9.688	99.89	100.38
Soc Gen Nov98	10%	99.89	100.38
Standard Chart Perp	9.713	99.89	100.38
Stand Chart Perp	9%	99.89	100.38
Stand Chart Perp3	9.713	99.89	100.38
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Wells Fargo 1992	9%	99.89	100.38
Wells Fargo 2000	9%	99.89	100.38
Wells Fargo 94	9%	99.89	100.38
Wells Fargo 1997 Feb	9%	99.89	100.38
Wells Fargo 1998	9%	99.89	100.38
Wellspec Perp	10.9333	99.89	100.38
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Woodside Finance 97F	9%	99.89	100.38
World Bk Perp	8.801	99.89	100.38
Yokohama 97 (Cop)	9%	99.89	100.38

Pounds Sterling

Issuer/Mat.	Coupon Next	Bid	Asked
Srf Mort Notes Nol	14.563	99.86	100.11
Abbey Nat 93 Gb	14%	99.90	100.15
Abbey Nat 92/00 Gb	13%	99.91	100.01
Abbey Nat 90 Gb	13%	99.91	99.96
Bfcd + Bing May 94	14%	99.92	100.00
Mess 2 Jan 2017	14%	99.91	99.96
Coll Mort Sec Nol A1	14.29929	99.90	100.05
Coll Mort Sec Nol A2	14.30333	99.90	100.00
Coll Mort Sec Nol A3	14.29929	99.86	99.96
Grosvenorch 2019	14.29929	99.90	100.00
Tsmc Pimbs Plc No 1	14.25729	99.90	99.90
Northern Rock 92	13%	99.90	99.97
All + Leic Jul 94	13%	99.90	99.94
Bristol + West Aug94	13%	99.91	99.97
Hsmc No 84	14.29929	99.91	99.96
All + Leic Aug 94	14.53	99.91	100.25
All + Leic Apr 98	14.65	99.90	100.25
All + Leic Nov 93	14%	99.88	100.13
All + Leic Jul 94	14.08	99.89	100.04
All + Leic Mar 95	13.97	99.90	100.14
All + Leic Sept 93	14%	99.89	100.14
Anglia Jan 98	14%	99.89	100.14
Anglia Sep96	14.28625	99.89	100.04
Anz Bkg 97 Gb	13%	99.90	99.75
Bk Montreal 94 Gb	14%	99.90	100.10
Bq Indosuez 91 Gb	14%	99.90	100.10
B/Ham Midshires 98	14%	99.90	100.10
Brad + Bing Aug 98 Gb	14%	99.90	100.10
Bristol + West Oct97	14%	99.90	100.10
Bristol + West Jul99	14	99.91	99.62
Britannia 93 Gb	14%	99.90	100.10
Britannia 96 Gb	14%	99.90	100.10
Britannia Feb 95	14%	99.90	100.10
Chelt/Gloucs Mar94	14%	99.90	99.95
Coop 0	14%	99.90	99.95
Cr Foncier 98 Gb	14%	99.90	100.10
Dcmpa Mar 11	14.42929	99.90	100.10
Ex Finance 1 Plc	14.30364	99.90	100.15
Ferrovie 95 Gb	13.97531	99.90	100.25
Halifax Oct 92	14%	99.90	100.17
Halifax Feb94	14%	99.90	100.15
Halifax May 94	14%	99.90	100.17
Halifax Sep96 Tnch 1	14%	99.90	100.15
Halifax Sep96 Tnch 2	14%	99.90	99.99
Hsmc May 11	14.42929	99.90	100.20
Hsmc No 82 Feb 15	13.4	99.90	100.15
Hsmc No 83 Jul 15	14.36312	99.90	100.20
Ill Oct 94	14%	99.90	100.10
Ill Nov 94	14%	99.90	100.10
Ireland 96	14%	99.90	100.20
Leeds Perm Mar 96	14%	99.90	100.10
Leeds Perm Oct 94	14%	99.90	100.10
Leeds Perm 87/5 98	14%	99.90	100.10
Lloyds Bank 96 Gb	14	99.90	99.95
Mass No 1 Jul 18	14.32965	99.90	100.20
Mitsubishi Bk 91 Gb	13.97315	99.90	99.97
Mitk Mkt Bd 93 Gb	14%	99.90	99.97
Mtc 2 Aug 2003	14.44429	99.90	100.20
Mtc 1 Mar 2029	14.44429	99.90	100.45
Mtc 3 Oct 2003	14.36302	99.90	100.10
Tsmc No 02 Nov 14	14%	99.90	100.10
Tsmc No 04 May 15	14%	99.90	100.10
Tsmc No 01 Sep 14	14.42601	99.90	100.00
Tsmc No 06 Oct 15	14.43731	99.90	100.15
Tsmc No 07 Nov 15	14.37501	99.90	100.15
Tsmc No 08 Dec 15	14.37501	99.90	100.20
Tsmc No 10 January 19	14.44881	99.90	100.20
Tsmc No 09 Feb 19	14.35781	99.90	100.20
Mort Secs 1	14.17301	99.90	100.20
Tsmc No 11 Mar 28	14.44529	99.90	100.15
Mtl 1 Sep 13	14.38861	99.90	100.15
Mtl 2 Oct 14	14.15	99.90	100.15
Mtl 3 Nov 14	14.15	99.90	100.15
Mtl 4 Oct 15	14.15	99.90	100.15
Nat Provincial Mar96	14%	99.90	100.10
Nat Provincial 02/99	14	99.90	100.10
Nat/Aug Bkd 14Jul98	14%	99.90	100.10
Nationwide B/S Oct95	14%	99.90	100.10
Nationwide B/S Jun96	13.97517	99.90	100.05
Nationwide B/S Oct96	13.97531	99.90	99.95
New Zealand 97 Gb	14%	99.90	100.10
Northern Rock Oct95	14%	99.90	100.10
Prudential 95 Gb	14.16307	99.90	100.10
Reskl No 1 May 18	13.97522	99.90	100.15
Reskl No 2 Jul 18	14.16729	99.90	100.15
Rbs 95 Gb	13%	99.90	100.10
Stand Chart Perp Gb	14%	99.90	100.10
Tsmc No 05 Apr 15	14%	99.90	100.10
Tsmc No 05 Mar 15	14.13801	99.90	100.15
Woolwich B/S Nov 95	13%	99.90	100.10
Woolwich B/S Jul 93	14%	99.90	100.10
Yorkshire B/S Feb 94	13.97378	99.90	99.97
Yorkshire 91/94 Gb	14%	99.90	99.50

Deutsche Marks

Issuer/Mat.	Coupon Next	Bid	Asked
Dresdner Fin 94/99	4.969	99.90	99.98
Eurofirma Jul 99	7	99.91	100.00
Fcl Jun 01	6.975	99.90	100.00
Lkb Jul 99	6.891	99.91	99.97
European Coal+ Steel	6.725	99.92	100.00
Belgium Dm Aug 99	7	99.92	100.00
Austria 95 Dm	6%	99.90	99.97
Bk Of China Nov 93	7	99.91	99.00
Bk Greece 92/95 (Dm)	7%	99.92	99.98
Bnp 92 (Dm)	7%	99.92	100.00
Belgium 97 (Dm)	7%	99.90	100.00
Cibc 95 (Dm)	7%	99.90	99.97
Commerz Oct 95 (Dm)	7%	99.90	99.98
Commerzbk Dec 92	7%	99.90	99.98
C.O.E. 95 Dm	6%	99.90	99.96
Cred Foncier 96 (Dm)	6%	99.90	99.96
Cic Mar 93 Dm	6%	99.90	99.96
Dnc 96 Dm	7%	99.90	99.98
Denmark Stgrs 96 Dm	7%	99.90	99.98
Dg Bank 96 Dm	7%	99.90	99.98
Dresdner Fin 98 (Dm)	7%	99.90	99.98
Dresdner Fin 98	6.969	99.90	99.98
Dnc 92 (Dm)	7%	99.90	99.98
Elb Dec 96	7%	99.90	99.98
Elb Fin Nv 95 Dm	7%	99.90	99.98
Ibj 95 Dm	7%	99.90	99.98
Ireland Jul98 (Dm)	6%	99.90	99.98
Ireland 97 (Dm)	7%	99.90	99.98
Ireland (Stgrs) 98	7.281	99.90	99.98
Lkb Nov 95	6%	99.90	99.98
Malaysia 95 (Dm)	7%	99.90	99.98
Midland 96 Dm	7%	99.90	99.98
Mitsubishi 96 Dm	7%	99.90	99.98
Montedison 93 Dm	6%	99.90	99.98
Jp Morgan 93 Dm	7%	99.90	99.98
Renfe 96 (Dm)	6.906	99.90	99.98
Rbc 95 Dm	7%	99.90	99.98
Sec Pac 95 Dm	7%	99.90	99.98
Sweden 97 (Dm)	7%	99.90	99.98
Union Finland 96 Dm	7%	99.90	99.98
Wells Fargo 95 Dm	7%	99.90	99.98

Japanese Yen

Issuer/Mat.	Coupon Next	Bid	Asked
Crl 97 Yen	-	99.90	100.00
Cr Foncier Aug97 Yen	4%	99.90	100.00

E.C.U.

Issuer/Mat.	Coupon Next	Bid	Asked
Kino Of Belg May 99	9%	99.91	100.01
Renfe 91 (Ecu)	9	99.95	100.25
Cr Foncier 96 (Ecu)	9.175	99.95	100.20
Ireland 97 (Ecu)	9	99.95	100.05
Pocarm 95Mar97 Ecu	9%	99.95	99.95
Sfpobain Pers Ecu	7%	99.95	99.95

Source : Credit Suisse-First Boston Ltd., London

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Midland International Financial Services B.V.
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Due September 1, 1992 (The "Bonds")

Notice is hereby given that, in accordance with Clause 6 (c) of the Terms and Conditions of the Bonds, the Company will redeem all outstanding Bonds at 100¾ per cent. of the principal amount thereof (the "Redemption Price") on October 20, 1989 (the "Redemption Date"), when interest on the Bonds will cease to accrue.

Payment of the Redemption Price, together with interest accrued since September 1, 1989, will be made on, or after, the Redemption Date, at the specified office of any of the Paying Agents listed below upon presentation and surrender of the Bonds, together with all unmatured coupons appertaining thereto, failing which the amounts of any missing unmatured coupons will be deducted from the payment. Any amounts of principal so deducted will be paid against surrender of the relevant missing coupon within a period of six years from the date enfaced on such coupon.

Bonds will become void unless presented for payment within a period of 12 years from the Redemption Date.

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SPORTS

NBA Blazers Sign Madrid's Petrovic

The Associated Press

PORTLAND, Oregon — Drazen Petrovic, Yugoslavia's star basketball player, has defected from Club Real Madrid in the Spanish professional league and reached agreement on a contract with the Portland Trail Blazers of the National Basketball Association.

His agent, Warren Legarie, said the contract could make Petrovic, a 6-foot, 3-inch (1.9-meter) guard who is an excellent outside shooter, the highest paid of the European players who will join the NBA this season.

"He's the No. 1 draw in Europe and many feel he's the best player," Legarie said. "His contract is commensurate with that."

Sarunas Marciulionis, a guard from the Soviet Union, was previously reported to be the highest paid of the Europeans, having signed a contract with the Golden State Warriors for about $1 million per season over three years.

"I'm happy with the contract," said Petrovic, who did not show up at practice Wednesday in Madrid and later flew to Portland. "The big thing is playing in the NBA. It's the best league in the world and I think I can help the team. It's the right time for me to come."

He said that under the contract he still will be allowed to represent Yugoslavia in the world championships and the Olympics.

"No conflict with the NBA," he said. "Always in the summer."

The Trail Blazers selected Petrovic in the June 1986 NBA draft, but he signed a four-year contract with the Spanish club, then decided after his first season in Madrid that he wanted to play in the NBA.

But Real Madrid refused to release him from his contract, although Petrovic contended that the contract held a buyout clause. His attorneys won a circuit court order in Portland last week that cleared the way for negotiations with the Trail Blazers.

After Petrovic disappeared in Madrid, Lolo Saenz, coach of the team, told the national news agency EFE that "if he doesn't show up, and this is a strictly personal opinion, Petrovic's era at Real Madrid will be over."

Petrovic said Wednesday night he doesn't plan to go back to Spain except, perhaps, to visit.

An official of the Trail Blazers, Brad Greenberg, recently spent a week in the Spanish capital trying, unsuccessfully, to meet with Real Madrid executives.

The Spanish sports newspaper Marca said it had obtained a copy of a memorandum that indicated that the Trail Blazers would make a $1 million loan to Petrovic as part of the contract agreement, and that he would receive a signing bonus.

The loan apparently would be used by Petrovic to pay off Real Madrid under a buyout clause of $200,000 per season over the next three years.

According to the memo, written by Petrovic's Spanish agent, Miguel Angel Panalagua, to his American agent, Legarie, the terms of the deal were subject to Petrovic's arrival in Portland on Wednesday night. It said the contract also includes provisions for Petrovic in a "non-player" capacity, should his contract with the team not be approved by the NBA.

In the lawsuit filed July 28, Petrovic sought his release and $10 million in damages from Real Madrid.

In granting a temporary restraining order, Judge Philip Abraham said any future contract between Petrovic and the Trail Blazers would be subject to NBA approval and Petrovic's winning the lawsuit. The court is to hear his request for a permanent injunction on Aug. 24.

■ Mavs' Top Pick in Greece

Randy White, the 6-foot-7 power forward from Louisiana Tech who was the Dallas Mavericks' first-round NBA draft choice, has turned down a five-year contract that would have paid him $925,000 this season and flown to Europe to explore an offer by the Paok team in Salonika, northern Greece, The Associated Press reported from Dallas.

Bill Blakeley, White's agent, said the offer from the Greek team could be higher than the one year, $1 million contract Danny Ferry got for playing in Rome instead of for the Los Angeles Clippers.

White, the eighth overall pick in the NBA June draft, had been offered a $475,000 signing bonus by the Mavericks, with a financial package that would have made him the fifth-highest-paid player on the team, even above valuable sixth man Roy Tarpley, a team source said.

But Blakeley said "the Mavericks agreed to a contract on Tuesday night then took it back on Wednesday.

"We had a deal agreed to yesterday but Norm Sonju," the team's general manager, "said, 'Let's sleep on it.' We got back together and they presented me a new deal not as good as first one. I was surprised. I thought we had a done deal."

Blakeley said "Paok has an offer on the table that could be more than Danny Ferry's $1 million a year for as ever as long we want it."

He added, "Randy is real confused. He told his mother he was going to be a Maverick. Randy may stay over there until next week. Besides his salary they'll give him a [furnished] condo and a sports car. All he has to pay for is his telephone."

Soviet Change Spins Volkov to NBA

By Michael Lev
New York Times Service

LOS ANGELES — In the Soviet Union, they like to say that Alexander Volkov, the basketball star, plays the game like an American.

"Usually people my height just play center," the 6-foot, 10-inch (2.1-meter) forward said recently through an interpreter. "I was tall, but I played like a guard. I could take the ball all the way down the court."

"And," he said with a smile, "I did a lot of dunking."

Soviet basketball observers will soon find whether they have correctly labeled Volkov, a mainstay of the national and Olympic teams.

The 25-year-old Ukrainian known as Mischa was drafted in the sixth round by the Atlanta Hawks in 1986, and he trained with their rookies the next year.

On Aug. 1, he signed a three-year contract with Atlanta and is working out with his new coaches in Los Angeles at a pro summer league.

If Volkov makes the Hawks, he would be one of the first two Soviet players in the National Basketball Association. The other is Sarunas Marciulionis, who signed in June with the Golden State Warriors.

Another Soviet player, Arvidas Sabonis, who was the property of the Portland Trail Blazers, signed to play in Spain this year.

Why Volkov and Marciulionis are allowed to play in the NBA this season is as much a mystery to Volkov as whether he can succeed in America — "basketball's Mecca," he says — where the style of play is physically more demanding than in international competition.

"Things are changing so quickly in the Soviet Union I can't even follow what's happening," Volkov said. "The sports authorities don't even know what to do. Freedom has become very fashionable for us, and we know we have certain rights. Now a person is free to decide where he works and where he lives, as long as it doesn't break any laws."

Volkov, who is married, is eager and curious to try life in the United States, though he led an extremely comfortable international life style in the Soviet Union and felt no strong tug to go.

The problem, he said, was "a lot of our best players have left: Sabonis, Marciulionis. The situation in the internal league is not so interesting. So I have to find the next level of play.

"Therefore I'm here. After all of us play for these professional teams, the national team will be even stronger when it comes together again next summer."

According to Volkov's contract, he will be allowed to go home to play with the Soviet team in the Olympics and world championships as long as doing so does not interfere with the NBA season.

The money, too, was an attraction. Volkov would not reveal his contract terms except to say that the pay made him happy and that the Soviet government "won't be getting that much."

Volkov has never been as prominent a player as Sabonis, Marciulionis and guard Rimas Kourtinaitis, but the Hawks say they are excited about Volkov's prospects.

"He's matured a lot physically," said Brian Hill, an assistant coach. "He's a little bit bigger and stronger than he was, and he plays with a lot of confidence. He actually became the player the Soviet team went to when they needed the big basket, as opposed to Sabonis and Marciulionis."

This was not entirely in evidence in Los Angeles, where, after a month's layoff, Volkov was rusty, a little confused and out of place in a summer league filled with eager rookies and desperate free agents so busy trying to impress scouts that team play is all but forgotten.

"I don't know what kind of contribution I can make," he said. "Of course, I've always been a starter and a leader, and I know that will be a lot more difficult to do here. But I'll do the best I can to not be the last player on the team."

Carpenter Is New Coach of Maple Leafs

The Associated Press

TORONTO — The Toronto Maple Leafs of the National Hockey League have continued their management shuffle by naming Doug Carpenter, the former coach of the New Jersey Devils, as their coach.

Carpenter accepted a two-year offer with the Maple Leafs on Wednesday, only 24 hours after Harold Ballard, the team's owner, had fired George Armstrong from the job and had named Floyd Smith, the team's head scout, as interim general manager to replace Gord Stellick, who quit last Friday.

Stellick resurfaced Tuesday as assistant general manager of the New York Rangers.

Todd Gill, a defenseman for the Maple Leafs, said of Carpenter, "I haven't got a clue about him, but, hopefully, this is the last piece of the jigsaw puzzle.

"There always seems to be something with this team that takes away from hockey," Gill said. "I just hope the guy who comes in is given enough time to have a system ready for us to play, and that we're not running around like a bunch of chickens with our heads cut off."

The Maple Leafs finished 19th out of the NHL's 21 teams last season.

Harold Ballard, team owner.

Carpenter, 46, is familiar with the Toronto system. He coached the Maple Leafs' farm teams in Cincinnati and St. Catharines, Ontario, from 1981 to 1984, then went to New Jersey when he was fired.

The Devils improved slowly in Carpenter's first three seasons. They started strong in 1987-88, but when they faded in midseason, Carpenter was fired.

He coached the Halifax Citadels of the American Hockey League, an NHL farm league, to a second-place finish last season.

He also had coached the Canadian team to a silver medal in the 1985 World Hockey Championships in Czechoslovakia, the country's best finish since 1962.

Kingdom's Mark Expensive

Reuters

ZURICH — Roger Kingdom has a high price to pay for setting the world record in the 110-meter hurdles: His telephone bill.

The two-time U.S. Olympic champion, who quickly set his sights on breaking his new record, said that the inspiration for his run Wednesday night at the Zurich Grand Prix track and field meet had been a three-hour trans-Atlantic call to his mother.

"I never hesitate to call home, no matter where I am," said Kingdom, who clocked 12.92 seconds to break Renaldo Nehemiah's eight-year-old mark by 0.01 seconds.

"I charged the call to my home. But I don't know if my appearance money here will cover it," Kingdom said, joking. "That's up to these guys," he added, pointing over his shoulder toward the organizers of the world's most commercial athletic meeting.

"I remember when I was in Greece once I called home for an hour and a half," he continued. "The manager of the hotel came up and knocked on my door. He thought the telephone was off the hook!"

Kingdom's expensive method of telephone-talk motivation paid off when, despite a heavy cold, he pulled clear of the field to leave Seoul silver medalist Colin Jackson of Britain in second place and American bronze medalist Tonie Campbell in third.

"But I was worried about the race when I woke up. I was too relaxed," Kingdom said. "So I called my mother and she gave me a few scriptures to read. That did the trick."

Kingdom faces a bill of about $500 for his call home. But that will be a small price to pay for the extra cash the 26-year-old from Georgia now can demand in appearance money.

VANTAGE POINT/Michael Wilbon

These Violent Deaths

Washington Post Service

WASHINGTON — The two tragedies this week were unrelated, except that the lives of both victims revolved around basketball, and both died violent deaths barely into adulthood.

Ricky Berry, 24, a promising player with the Sacramento Kings of the National Basketball Association, committed suicide by shooting himself in the head. Carlos Yates, 27, the all-time scoring leader at George Mason University, was gunned down in the street in what apparently was a drug-related killing.

You wonder if anything could have saved these young men and whether big-time sports was a factor in their deaths. And whether they were less prepared for the real world than less-athletic peers who had fewer opportunities for education, employment, wealth and fame.

On the surface, Berry's death is harder to grasp because he appeared to have had a grip on his life. Young, tall and talented, he was the Kings' first-round pick only a year ago. He was recently married, had bought a new house and had a solid rookie year. But this much we do know: A year that began badly enough for the Berrys — the players at San Jose State walked out on his father, the basketball coach — hit bottom Monday.

Berry's death shocked me; Yates's did not. Obviously, he was taking chances and risks.

The people who knew Berry surely feel about him the way Len Bias's friends felt about the University of Maryland star who died of a cocaine overdose three summers ago: They can't stop asking why.

Yates's death is easier to label: another District of Columbia drug-related murder. Berry's death shocked me; Yates's did not. While the pain for Yates's friends and family must be wrenching, life on so many streets for so many people in Washington is violent and dangerous. Obviously, he was taking chances and risks.

Yates had played four years of basketball, 1981-85, at George Mason, scoring 2,420 points and helping the Patriots grow in stature within the sport. For a long time, while the university's sports identity was still being formed, the only name associated with the institution was that of Carlos Yates, basketball player. Still, though he was a prolific scorer, he was like hundreds of college basketball players: good and sometimes even great, but simply not good enough to play in the NBA for any length of time.

I got to know him fairly well toward the end of his career at George Mason, and although I'm no talent scout, it wasn't hard to see that Yates probably would never succeed in the NBA. It bothered me that it seemed like doing so was the only dream he had. Yet Yates was a smart, conversant young man who had traveled more of the world than 90 percent of people his age.

I was hoping he would continue playing basketball in Europe until he made enough money and had matured enough to realize that the NBA was not the only thing in his life. He had intelligence and ability; he should have been able to make it in life even if he could not in the NBA. Yet the last time I saw Yates, at a tennis tournament at George Mason, he still was hoping for an NBA tryout, and apparently had lots of time on his hands.

Saddened as I am by his death, he was a 27-year-old who read newspapers and knew exactly what could happen to him on the city streets.

In Oxnard, California, where pro football's Los Angeles Raiders train, and mourn the recent death of teammate Stacey Toran — who drank and drove himself to a fatal car crash — veteran Todd Christensen spoke about athletes taking responsibility for their own lives. Christensen probably never heard of Carlos Yates, but his comments were appropriate.

"When is the player responsible for his own life?" Christensen asked. "When your one marketable skill is your physical talent, why would you go out and risk that?"

Christensen, of course, didn't have the answer about Toran, or Berry, or Yates or any of the athletes who have had so much to live for, only to be unable to say "No" when it counted.

While the vast majority of these talented men are finding life very much worth living at a very lofty level, enough are so self-destructive that you wake up every morning afraid to open the newspaper.

BOOKS

AN OLD MAN'S TOY: Gravity at Work and Play In Einstein's Universe

By A. Zee. 272 pages. $21.95. Macmillan, 866 Third Avenue, New York, N. Y. 10022.

TURBULENT MIRROR

By John Briggs and F. David Peat. 222 pages. $22.50. Harper & Row, Publishers Inc., 10 East 53d Street, New York, N. Y. 10022.

Reviewed by
Oscar Wallace Greenberg

THE main trend in the development of science has been the search for the basic elements of which everything in the universe is composed. In physics this search led from molecules to atoms to nuclei to protons and neutrons to quarks and leptons and finally, perhaps, to superstrings. In biology it led from plants and animals to cells to chromosomes to genes to amino acids and back up to DNA. There has been a parallel drive for a unifying theory of nature, from Einstein's unified field theory to contemporary superstring theory.

At the same time, there has always been a subversive minority that questioned "reductionist" points of view and reveled in nature's unpredictibility and diversity. This minority has been captivated by the new notions of "chaos" and associated developments that can be applied to everything from turbulence in fluids to the branching of the bronchial trees in our lungs to the length of the coastline of Great Britain.

A. Zee's "An Old Man's Toy," a brash, breezy and authoritative discussion of gravity, falls into the first category — that is, the search for the universe's basic elements. Zee is a theoretical physicist who has done research on many of the topics he discusses. He explains old puzzles, such as why the night sky is dark, and new twists on old puzzles, such as why the darkness of the night sky suggests the big bang theory of the universe.

He also discusses new puzzles. One of the most startling is the fact that about 90 percent of the matter in the universe cannot be accounted for by stars, galaxies, quasars or anything else that we can "see" in the literal sense, that is, by detecting electromagnetic radiation. Any radiation will do: radio waves, infrared, visible or ultraviolet light, X-rays or gamma rays. The missing mass or "dark matter" does not couple to electromagnetism. Astronomers know the dark matter is there, because its gravitational pull affects the motion of stars and galaxies.

Zee describes current theories of the nature of dark matter and the ways these theories can be tested.

This is a fascinating book; it can entice students into a deeper exploration of the physical universe, and it can satisfy the curiosity of older readers.

"Turbulent Mirror," by John Briggs and F. David Peat, champions a holistic point of view, connecting chaos and related topics, such as fractals, iterative processes, catastrophe theory, the effects of nonlinearity, solitons, complexity and interconnectedness. The theme of the book is the breaking up of order into chaos and the more surprising emergence of order from chaos.

The authors' point of view sheds light on a range of phenomena, even those that apply to thought and memory and social interactions. Their book invites comparison with James Gleick's wonderful "Chaos: The Birth of a New Science." But if a friend asked for one book to read about chaos, I would still suggest Gleick.

The split between the unifiers and the diversifiers, between the reductionists and the holists, is belied by what these two books have in common. They both seek to understand the nature of the world. They even have specific topics in common. It seems likely that the apparently opposed perspectives in the two books are not only valid but also essential to an understanding of our universe in all its splendor and variety.

Oscar Wallace Greenberg, a professor of physics at the University of Maryland, works on the theory of elementary particles. He wrote this for The Washington Post.

BRIDGE

By Alan Truscott

PLAYERS who use conventions are not always as careful as they should be in giving explanation to the opposition. If an opponent opens one no-trump and your partner bids two clubs, you should not respond to an inquiry by saying "Landy." Your opponents may not wish to appear ignorant by inquiring further, or they may have a misconception. You should announce "spades and hearts," or better still "Landy — spades and hearts." This had an impact on the diagramed deal. South's bid of five spades was unusual, but so was his hand. He was favored by the lead of the club ace and ruffed. Drawing trumps and conceding a heart trick was an obvious road to 12 tricks, adopted in the replay, but South thought he might score an overtrick. He therefore cashed the king, and set about diamonds. South knew that the safety play in diamonds was to start with the king and lead to the nine, but he did not think he needed it. He had been told by West that the two-club bid was "Brozel," but not that it showed hearts and clubs. He was under the delusion that two clubs showed the minor suits, so he cashed the diamond ace and went down to defeat. In future, no doubt, this problem will be avoided: West will offer more comprehensive information, and South will ask for it. Notice that the slam is makeable even if West selects a heart lead. South can maneuver one diamond discard on the heart queen and eventually squeeze West in the minor suits. So the par result on the deal is for East-West to save in seven clubs, failing by three tricks.

NORTH (D)
♠A32
♥Q864
♦A953
♣K5

WEST
♠54
♥105
♦Q1072
♣A10864

EAST
♠—
♥AJ9732
♦6
♣QJ9732

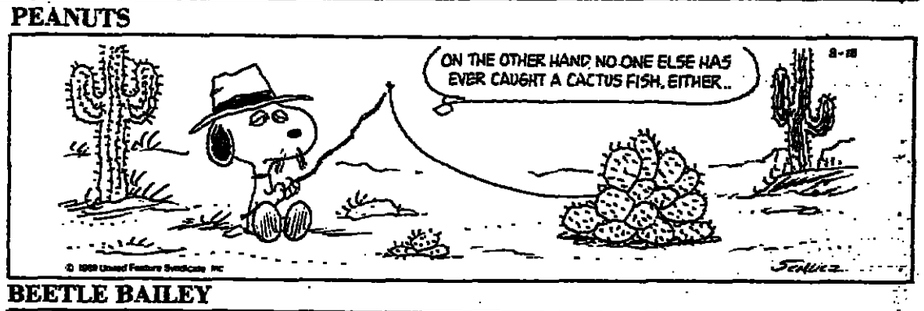
SOUTH
♠KQJ109876
♥K
♦KJ84
♣—

Neither side was vulnerable. The bidding:

North	East	South	West
1 N.T.	2♣	5♠	Pass
6♠	Pass	Pass	Pass

West led the club ace.

PEANUTS



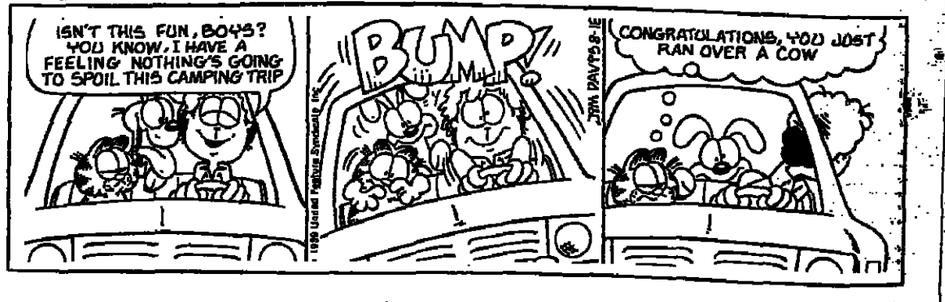
BEETLE BAILEY

ANDY CAPP

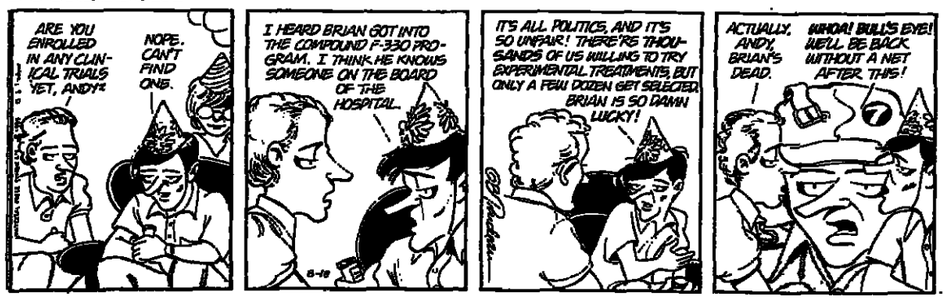
WIZARD of ID

REX MORGAN

GARFIELD



DOONESBURY



DENNIS THE MENACE

JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

WEHIN
KNEAT
ANQUIT
SHRUPE

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: ○○○○○ A "○○○○" (Answers tomorrow)

Yesterday's Jumbles: WIPED ABYSS FECUND MAGPIE
Answer: How to open your mouth in a way that might make others shut theirs—YAWN

BLONDIE

SPORTS

SIDELINES

Lamberti, Möhring Set Swim Records

BONN (AP) — Giorgio Lamberti of Italy broke the European record in the 100-meter freestyle Thursday, winning the gold medal with a time of 49.24 seconds at the European Swimming Championships.

Earlier, Anke Möhring of East Germany set a European record of 4 minutes, 5.84 seconds in the women's 400-meter freestyle. She broke the mark of 4:05.94 posted by Heike Friedrich of East Germany in winning the silver medal at the 1988 Olympics in Seoul.

Lamberti, who set a world record of 1:46.69 in the 200 freestyle on Tuesday, bettered the mark of 49.35 set by Stephan Caron of France at the 1987 championships in Strasbourg, France. Lamberti also won a gold medal with the Italian 800-meter freestyle relay team.

U.S. Takes 6 of 9 Pan Pacific Races

TOKYO (AP) — Doug Gjertsen set a meet record in the men's 200-meter freestyle Thursday as the powerful U.S. team won six of the nine events at opening of the Pan Pacific Swimming Championships.

Australia, Canada and Japan each won one event in the 50-meter Yoyogi National Olympic Swimming Pool.

Gjertsen led all the way in the 200-meter freestyle, winning in 1 minute, 49.09 seconds and breaking the meet record of 1:49.12 set by Craig Oppel of the United States in 1987.

French Rugby Players in South Africa

JOHANNESBURG (AP) — Eight French rugby players, seven of them members of the national team, arrived Thursday to join an international all-star squad preparing for a five-match series in South Africa.

There are now 20 foreign players training for the first match of the series, against the Natal Province team on Saturday. The rest of the squad consists of players from Australia and the British Isles.

The French players are scrumhalf and national team captain Pierre Berbizier, flyhalf Frank Mesnel, prop Jean-Pierre Guaret, centers Philippe Sella and Denis Carvet, flanks Marc Cecillon and Jean-Phillippe Elhorga, and number eight Laurent Rodriguez. All but Elhorga have played for the national team.

Equine Plague Threatens '92 Olympics

SEVILLE, Spain (AP) — Equine plague, a disease that killed more than 100 horses in central Spain in 1987, is spreading again in the southern part of the country and threatens equestrian events in the 1992 Olympics.

Authorities said Wednesday that the fresh outbreak makes it unlikely that international equestrian authorities will allow Barcelona to host riding events in the 1992 Summer Games. Barcelona is about 700 miles (1,100 kilometers) from Andalusia, where the outbreak began.

The regional agriculture commissioner, Miguel Manaute, said the disease had been the probable killer of 23 horses in Huelva province, more than 60 miles west of the Sotogrande Polo Club where six ponies have died of the disease since last month.

British Cyclist Ends East Europe's Run

LYON, France (AP) — Britain's Colin Sturgess came from behind to win the five-kilometer professional individual pursuit title Thursday over Dean Woods of Australia and broke the Eastern European domination at the World Cycling Championship.

In other finals, Bill Huck downed teammate Michael Hubner to keep up East Germany's near-monopoly in the amateur men's sprint event and the Soviet women, led by defending champion Erika Salumjae, triumphed in the women's sprint.

For the Record

Rolf Lund, a member of the Canadian Track and Field Association's board of directors, told the national inquiry into drugs and athletes that he was told by a coach of anabolic steroid use by elite Canadian athletes six months before Ben Johnson tested positive at the Seoul Olympics, but that he did not pursue the issue for fear of disrupting Olympic preparation. *(Reuters)*

U.S. college basketball attendance set a record for the second straight season in 1988-89, increasing by more than 500,000 to 33,020,286 for all 1,264 senior-college men's varsity teams. The Big Ten Conference again set records with an average of 12,635 per game and a total of 1,971,110, while the biggest increase in any conference was in the Big East, at 202,427. *(AP)*

Ivan Lendl said there was a "99.5 percent" chance he will not play the French Open next year in order to concentrate on Wimbledon, the only Grand Slam tennis title he has not won. *(AP)*

Chris Evert, 34, who has not played in a tournament since Wimbledon, will compete in the U.S. Open, a tournament she has won six times, when it begins Aug. 28 in New York. But Jacob Hlasek of Switzerland, ranked 8th in the world, is out of the Open after fracturing a bone in his left foot. *(AP)*

Jeff Harding of Australia, the World Boxing Council light-heavyweight champion, will defend his title for the first time against English veteran Tom Collins in Brisbane on Oct. 24. *(AP)*

Graciano Rocchigiani of West Germany will defend his International Boxing Federation supermiddleweight world title in West Berlin against Frank Tate of the United States. The fight is to take place either Oct. 19 or a week later. *(AP)*

Napa Katwanchai of Thailand will defend his WBCouncil straw-weight title against South Korean Choi Jeum Hwan in Seoul on Sept. 10. *(AFP)*

Quotable

● Outfielder Pete Incaviglia, to venerable Texas Rangers teammate Nolan Ryan: "Hey, Nolan, who was a tougher out for you, Ty Cobb or Rogers Hornsby?" *(LAT)*

● Sam Snead, advising neophyte golfers to take it easy: "If a lot of people gripped a knife and fork the way they do a golf club, they'd starve to death." *(LAT)*

Dan Groskopf/Reuters-UPI

Oakland's Carney Lansford got a faceful of Brook Jacoby when the latter stole third base on a wild pitch in the fifth. Jacoby's third single, in the eighth, ignited a three-run inning as Cleveland won, 6-3.

Brewers, Angry at Low Blow, Complete Sweep of Yankees

Compiled by Our Staff From Dispatches

The Milwaukee Brewers tried to keep their anger from erupting while they went about completing a sweep of their three-game series with the New York Yankees.

Charlie O'Brien hit two run-scoring singles, and Paul Molitor went three-for-three Wednesday as the Brewers won, 5-1, in Milwaukee for their victory in a row.

But the Brewers were upset because they had lost Jim Gantner, their hot-hitting second baseman, for the season on a takeout play at second base Tuesday night.

The Brewers thought that Yankee rookie Marcus Lawton had thrown a football block on Gantner while trying to break up a double play. Dave Phillips, the second-base umpire, called both runners out, ruling that Lawton illegally interfered with Gantner.

Gantner underwent surgery for a torn ligament in his left knee, and is expected to be unable to work out for three months.

"Everyone in the clubhouse will tell you, having seen the replay, how flagrantly wrong that was, what he did," Molitor said. "He never approached a slide, per se. It was just, 'Plant that right hand on the ground and throw that hip.' That kind of play leads to injury."

Gantner, 35, had batted .331 since the All-Star break and had played a prominent role in the Brewers' surge into contention. With Baltimore losing Wednesday, the Brewers moved within 1½ games of first place in the American League East.

The Yankees, who have lost four of their last five, are 7½ games out of the lead.

Rangers 3, Mariners 1: Nolan Ryan, pitching without a fastball because of a stiff neck, held the Mariners to three hits in Seattle with his curveball and change-up. His eight strikeouts left him six away from a career 5,000.

Blue Jays 7, Red Sox 3: Pinch-hitter Lee Mazzilli got a two-run single in an three-run eighth that rallied Toronto to its 15th straight victory in Boston's Fenway Park.

Tigers 4, Orioles 0: Frank Tanana pitched a two-hitter, Dave Bergman hit a home run and Alan Trammell got a two-run triple in Detroit.

Indians 6, Athletics 3: Brook Jacoby singled home the tie-breaking run and Joe Carter added a two-run single in the eighth in Oakland.

Royals 5, White Sox 4: Pat Tabler doubled home the tying run, then scored the winning run on Bob Boone's suicide squeeze bunt in the eighth in Chicago.

Angels 7, Twins 3: Rookie Bobby Rose hit his first major-league homer — he got his first three major-league hits Tuesday — to give California a 3-2 lead in the fifth in Anaheim. Wally Joyner hit a home run in the third, and drove in the Angels' last run in the eighth.

Cubs 5, Reds 1: Mike Bielecki pitched his sixth consecutive victory with a three-hitter and Andre Dawson, fighting a 6-for-64 slump, singled home a first-inning run and hit a bases-empty homer that began a four-run sixth in the National League game in Cincinnati.

Expos 4, Giants 2: Candy Maldonado's error on a shallow pop fly by Nelson Santovenia allowed three runs to score with two outs in the eighth in Montreal. Maldonado's homer in the seventh and Kevin Mitchell's 38th homer had given San Francisco a 2-1 lead.

Mets 7, Padres 2: Darryl Strawberry hit two homers and Howard Johnson hit one in New York to give the Mets their eighth victory in nine games.

Cardinals 3, Braves 2: Rookie shortstop Tim Jones singled home Tom Brunansky to cap a three-run eighth in St. Louis after Pedro Guerrero had hit an RBI single and Brunansky had tied the score with an RBI double.

Pirates 5, Astros 4: Bobby Bonilla's hit to right-center in Houston with two out in the 12th was first ruled a double, but the umpires then declared it a home run after deciding it had hit above the yellow home-run line on the fence.

Phillies 6, Dodgers 2: Ricky Jordan drove in three runs and scored twice in Philadelphia. Jordan was hit by a pitch by Tim Belcher with the bases loaded in the first and scored the game-winning run in the sixth. *(LAT, AP)*

BASEBALL ROUNDUP

■ Yanks' Polonia Arrested

New York Yankee outfielder Luis Polonia was ordered to remain in Milwaukee Thursday after a prosecutor spent several hours questioning people about an incident that involved a 15-year-old girl at a hotel, The Associated Press reported.

Polonia was freed Wednesday on $5,000 bail after police came to his room early Wednesday and found the girl, who alleged an assault. The girl's mother, tipped off by friends of her daughter, had called police to investigate, a police spokesman said. Assistant District Attorney John DiMotto said he would continue reviewing the case. No charges have been filed.

First Details of New League Revealed

By Murray Chass
New York Times Service

NEW YORK — Donald Trump, owner of Trump Tower, Trump Castle, Trump Shuttle and Tour de Trump, has said he is taking on a new role in a new venture: owner of a New York area team in a proposed new baseball league.

His decision added instant credibility to a project whose organizers have maintained a low profile.

"I have agreed to become a part of it, to work with them and make this league a great success," Trump said Wednesday.

His disclosure was the first confirmation of developments by anyone involved with the new eight-team league, which may be called the Baseball League and is scheduled to begin operation next April as a rival to the existing major leagues.

The organizers, who have refused to acknowledge their role, have been working on the project for more than two years and expect to make a formal announcement within the next month.

Trump, the first person to acknowledge that he will own a franchise, said his team would play in northern New Jersey at a site to be determined soon.

A source close to the league said other teams are expected to be in Washington, Los Angeles, Miami, Denver, Vancouver, British Columbia, Portland, Oregon, and New Orleans or San Jose, California.

Edward DeBartolo Sr., who several years ago was rejected as a prospective owner of a team in the existing major leagues, is expected to own the team that will play in New Orleans or San Jose.

"I see it as a very viable league," Trump said. "Otherwise I wouldn't do it. We'll have a long-term contract with a major television network or a number of major networks, including cable."

Richard Moss and David LeFevre, two New York lawyers with baseball connections, have been identified by people who have spoken to them as the founders of the league. They have refused to comment on their role in the organization of the league.

Bob Gibson, the Hall of Fame pitcher, is said to be involved as a high-level administrator of the league.

According to another source close to the league's organizers, the plan is to play a 154-game schedule ending by Sept. 1, then to have three rounds of playoffs involving three teams in each of two four-team divisions. The championship round would be concluded by the end of September.

Trump is a billionaire real estate developer who likes to be involved in sports. He owned the Generals of the short-lived U.S. Football League, has staged championship fights in Atlantic City, where he owns two gambling casinos, and created a bicycle race, the Tour de Trump.

He has been mentioned from time to time as a prospective buyer of an existing major league baseball team, but whatever plans he might have had never materialized.

No league has challenged the established major leagues since the Federal League lasted for two years, 1914 and '15.

At least seven wealthy men besides Trump are in place for the proposed baseball league, the source said. Each franchise costs $5 million, and plans call for the clubs to share equally in all revenue except for income derived from attendance.

The league also plans to create what it calls a players-owners trust through which players and owners would share profits based on revenue from national and local television rights and licensing rights.

Once the league announces its existence, its primary task will be to sign players. Each team will have 25 players on its roster. The league will pursue players who can be free agents after this major league season, players who have recently retired or been released and minor league and college players.

The league will try to sign 10 to 20 major name players, whose presence would provide credibility and interest.

According to a book put together for prospective owners, the league expects to pay players salaries that are commensurate with major league salaries.

NL Doesn't Suspend Rose

The Associated Press

CINCINNATI — Pete Rose, the embattled manager of the Cincinnati Reds, has not been suspended for his latest altercation with an umpire, the National League said Thursday.

In a brief statement issued through his office in New York, the NL president, Bill White, said in part, "After reviewing all the reports and tapes from the game, I have taken the appropriate disciplinary action and the matter is now closed." He did not elaborate on what action was taken because of the incident involving Rose and umpire Joe West in Tuesday's game with the Chicago Cubs.

Rose was suspended for 30 days and fined $10,000 last season for shoving umpire Dave Pallone. A. Bartlett Giamatti, the NL president who now is the commissioner of major league baseball, handed down that punishment.

Dravecky Twice Warned Of Risk of Fracturing Arm

New York Times Service

NEW YORK — Dave Dravecky, the San Francisco Giants' pitcher whose throwing arm snapped as he was delivering a pitch, had been warned that he would be risking just such a fracture if he returned to the mound so soon after surgery to remove a cancerous growth from his left arm, his surgeon and the Giants' team physician have said.

At the same time, both doctors said Wednesday that Dravecky could resume his career next year, and that his arm could be stronger than ever.

"Dave and I had discussed it, and we had opened up the possibility for him to have a fracture," said George F. Muschler, the orthopedic surgeon who performed the operation at the Cleveland Clinic last October.

Gordon Campbell, the team physician, confirmed that the possibility of a fracture had been thoroughly discussed with Dravecky and said that he, too, believed the left-handed starter could return to the rotation next year.

"I don't see any reason why he can't go through the rehabilitation program and pitch next year," Campbell said Wednesday afternoon at his clinic in Palo Alto, south of San Francisco.

Reuters

Dravecky in Montreal, boarding flight back to San Francisco.

Muschler, who said the threat of a fracture would have remained for up to two years after the operation to remove the cancerous tumor from the deltoid muscle in Dravecky's shoulder, suggested that the break would not end the pitcher's career. Fractures, he said, often heal stronger than the original bone.

Muschler made his remarks at a news conference in Cleveland as the 33-year-old Dravecky was flying back to San Francisco from Montreal. Dravecky's dramatic comeback from the cancer surgery came to a loud and abrupt end in the sixth inning of Tuesday night's game against the Expos, just five days after he made a triumphant return to the mound in San Francisco.

As Dravecky released a pitch he intended to be a fastball to Tim Raines, the Expos' batter, teammates and others at Olympic Stadium heard a resounding crack likened to the retort of a firecracker and watched in horror as Dravecky collapsed in pain on the infield dirt.

Muschler noted that in removing the tumor during a seven-hour operation last October he not only cut away about half the deltoid muscle but used liquid nitrogen to freeze a part of the bone, known as the humerus, to which the muscle is attatched. He did so to reduce the chances of a recurrence of the cancerous growth.

While such freezing can kill cancer cells, he said, it also kills normal cells, weakening the bone.

Muschler, who described Dravecky as a "model patient," expressed optimism about his return to the mound next season.

"He's already proven his shoulder, without the deltoid muscle, is capable of performing at that level," he said. "This fracture isn't going to change his ability."

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division

	W	L	Pct.	GB
Baltimore	62	57	.521	—
Toronto	61	59	.508	1½
Milwaukee	62	60	.508	1½
Cleveland	58	62	.483	4½
Boston	57	61	.483	4½
New York	55	65	.458	7½
Detroit	44	76	.367	18½

West Division

Oakland	72	48	.600	—
California	71	48	.597	½
Kansas City	66	53	.555	5½
Texas	62	56	.525	9
Minnesota	59	61	.492	13
Seattle	57	62	.479	14½
Chicago	51	69	.425	21

NATIONAL LEAGUE

East Division

	W	L	Pct.	GB
Chicago	70	50	.583	—
New York	66	53	.555	3½
Montreal	66	54	.550	4
St. Louis	64	55	.538	5½
Pittsburgh	57	68	.429	18½
Philadelphia	49	78	.412	28½

West Division

San Francisco	68	52	.567	—
Houston	65	55	.542	3
San Diego	59	61	.492	9
Cincinnati	56	63	.471	11½
Los Angeles	56	64	.467	12
Atlanta	48	73	.397	20½

Wednesday's Line Scores

AMERICAN LEAGUE

New York 000 010 000—1 5 0
Milwaukee 300 010 01x—5 10 0
Terrell, Guetterman (7), Gossage (8) and Geren; Knudson, Crim (7) and O'Brien. W—Knudson, 4-3. L—Terrell, 1-3. Sv—Crim (6).

Minnesota 000 200 001—3 6 0
California 101 020 40x—7 11 1
Rawley, Guthrie (7) and Laudner; Witt, Moore (9) and Parrish. W—Witt, 8-10. L—Rawley, 5-11. HRs—Minnesota, Hrbek (17). California, Joyner (18), Ross (1).

Texas 001 010 100—3 6 1
Seattle 000 100 200—3 4 2
Ryan, Russell (8) and Kreuter; Bankhead, Jackson (7), Swift (9), Comstock (9) and Bradley. W—Ryan, 14-7. L—Bankhead, 11-5. Sv—Russell (26). HRs—Texas, Kreuter (3), Palmeiro (8).

Toronto 000 200 022—7 10 0
Boston 201 000 000—3 9 1
Stottlemyre, Wells (6), Henke (8) and Borders; Clemens, Murphy (8), Smith (8), Price (9) and Correa. W—Wells, 4-4. L—Murphy, 2-4. Sv—Henke (12). HRs— Toronto, Bell (11). Boston, Greenwell (13).

Baltimore 000 000 000—0 2 1
Detroit 000 101 20x—4 8 1
Harnisch, Hickey (7) and Melvin; Tanana and Heath. W—Tanana, 9-10. L—Harnisch, 2-6. Sv—Detroit, Bergman (5).

Kansas City 100 002 220—5 11 1
Chicago 010 002 100—4 10 0
Saberhagen, Montgomery (8) and Boone; King, Patterson (8), Thigpen (8), McCarthy (9) and Fisk. W—Saberhagen, 14-5. L—Thigpen, 2-5. Sv—Montgomery (8). HRs—Chicago, Fisk (9), Pasqua (11).

Cleveland 020 000 130—6 14 2
Oakland 010 110 000—3 9 1
Black, Olin (5), D.Jones (8) and Allanson; Moore, Nelson (6), Honeycutt (7), Corsi (8) and Steinbach. W—Olin, 1-0. L—Honeycutt, 2-2. Sv—D.Jones (28).

NATIONAL LEAGUE

San Francisco 000 100 100—2 7 1
Montreal 000 000 12x—4 4 0
LaCoss, Lefferts (7), Bedrosian (8), Knepper (8) and Manwaring; Langston, Burke (8) and Santovenia. W—Burke, 7-2. L—Bedrosian, 3-6. HRs—San Francisco, Mitchell (30), Maldonado (8).

Chicago 100 004 000—5 12 1
Cincinnati 000 200 000—1 4 0
Bielecki, Wilson (9) and Berryhill; Leary, Birtsas (6), Rosser (9) and Reed. W—Bielecki, 14-5. L—Leary, 8-10. HR— Chicago, Dawson (14).

San Diego 000 000 020—2 10 2
New York 202 020 01x—7 8 0
Rasmussen, Schulze (5), Murphy (8) and Santiago; Darling, Aase (8) and Carter. W—Darling, 11-9. L—Rasmussen, 5-9. Sv—Aase (2). HRs—San Diego, Salazar (8). New York, Johnson (29), Strawberry 2 (27).

Los Angeles 000 110 000—2 9 2
Philadelphia 200 001 20x—5 8 1
Belcher, Searage (7), Pena (7) and Dempsey, Sciascia (8); Carman, Frohwirth (7), McDowell (8) and Daulton. W—Carman, 4-12. L—Belcher, 8-12. Sv— McDowell (14).

Atlanta 010 000 100—2 5 1
St. Louis 000 000 02x—3 7 0
Clary, Acker (8) and Russell; Power, DiPino (8), Costello (9), Dayley (9), Worrell (9) and Pena. W—DiPino, 4-8. L—Acker, 0-6. Sv—Worrell (18).

Pittsburgh 001 200 100 001—5 14 1
Houston 001 001 110 000—4 6 2
Smiley, Kramer (8), Heaton (11), Landrum (12) and LaValliere; Rhoden, Forsch (6), Portugal (8), Darwin (10), Andersen (12) and Biggio. W—Heaton, 3-7. L—Andersen, 3-4. Sv—Landrum (17). HR—Pittsburgh, Bonilla (16).

SOCCER

DUTCH FIRST DIVISION

Willem II Tilburg 0, Twente Enschede 0
BVV Den Bosch 0, MVV Maastricht 2
Ajax Amsterdam 5, Vitesse Arnhem 2
Roda JC Kerkrade 1, Sparta Rotterdam 1
Harlaam 0, Waalwijk RKC 2
Feyenoord Rotterdam 1, Volendam 1

WEST GERMAN FIRST DIVISION

Hamburger SV 1, VfB Stuttgart 0
FC Cologne 4, FC Kaiserslautern 1
Karlsruher SC 3, Bayern Munich 3
Borussia Dortmund 1, Fortuna Duesseldorf 0
Eintracht Frankfurt 4, VfL Bochum 0

FOOTBALL

CANADIAN FOOTBALL LEAGUE
Wednesday's Result
Winnipeg 27, Calgary 24

SWIMMING

European Finals

Results Thursday in the European Swimming Championship Finals in Bonn:

MEN

100-Meter Freestyle

1. Giorgio Lamberti (Italy) 49.24 (European record) 2. Yuri Bachkatov (Soviet Union) 50.13, 3. Raimundas Mazkuits (Soviet Union) 50.15.4. Stephan Caron (France) 50.76.5. Tommy Werner (Sweden) 50.44.

200-Meter Backstroke

1. Stefano Battistelli (Italy) 1:59.96, 2. Vladimir Selkov (Soviet Union) 2:00.62, 3. Tino Weber (E. Germany) 2:00.54, 4. Frank Hoffmeister (W. Germany) 2:01.44, 5. Martin Lopez-Zubarto (Spain) 2:02.31.

WOMEN

400-Meter Freestyle

1. Anke Mohring (E. Germany) 4:05.84 (European record), 2. Heike Friedrich (E. Germany) 4:10.14, 3. Manuela Melchiorri (Italy) 4:10.89, 4. Irene Dalby (Norway) 4:11.51, 5. Oriette Patron (Italy) 4:13.09.

100-Meter Backstroke

1. Kristin Otto (E. Germany) 1:01.86, 2. Krisztina Egerszegi (Hungary) 1:02.44, 3. Ana Eichhorst (E. Germany) 1:03.10, 4. Sandra Voelker (W. Germany) 1:03.63, 5. Marion Alzoors (W. Germany) 1:03.64.

4x100-Meter Freestyle

1. East Germany 3:40.57, 2. Netherlands 3:42.46, 3. West Germany 3:43.66, 4. Denmark 3:44.94, 5. France 3:47.04.

Tokyo Championships

Results Thursday in the Pan Pacific Swimming Championships in Tokyo:

WOMEN

1,500-Meter Freestyle - 1. Janelle Elford, Australia, 16:16.58. 2. Barbara Metz, U.S., 16:27.44. 3. Julie Kole, U.S., 16:28.25.

200-Meter Freestyle - 1. Patricia Nocil, Canada, 2:00.67 (meet record, old record 2:01.34, Mitzi Kremer, 1987), 2. Mitzi Kremer, U.S., 2:01.18. 3. Yong Zhuan, China, 2:01.44.

100-Meter Backstroke - 1. Lea Loveless, U.S., 1:02.69. 2 (tie), Nicole Livingstone, Australia, and Anne Mahoney, U.S., 1:03.52.

200-Meter Butterfly - 1. Ria Shita, Japan, 2:11.29. 2. Julia Gorman, U.S., 2:11.45. 3. Wang Xiaohong, China, 2:11.55.

4 x 50-Meter Medley Relay - 1. U.S., 1:53.28. 2. China, 1:54.78. 3. Australia, 1:55.10.

MEN

200-Meter Freestyle - 1. Dave Gierlsen, U.S., 1:49.09 (meet record, old record 1:49.12, Craig Oppel, U.S., 1987). 2. Jon Olsen, U.S., 1:49.47. 3. Turlough O'Hara, Canada, 1:50.23.

100-Meter Backstroke - 1. Jeff Rouse, U.S., 56.34. 2. Scot Johnson, U.S., 56.52. 3. Mark Tewksbury, Canada, 56.65.

200-Meter Butterfly - 1. Melvin Stewart, U.S., 1:59.40. 2. Dave Wharton, U.S., 1:59.56. 3. Anthony Mosse, New Zealand, 2:00.03.

4 x 50-Meter Medley Relay - 1. U.S., 1:39.22. 2. China, 1:42.08. 3. Australia, 1:42.16.

TRANSITION

BASEBALL
American League

DETROIT—Called up Brian DuBois, pitcher, from Toledo, International League. Put Tracy Jones, outfielder, on 21-day disabled list.

MILWAUKEE—Moved Bryan Clutterbuck, pitcher, from 15-day to 30-day disabled list. Put Jim Gantner, second baseman, on 15-day disabled list. Called up Billy Bates, second baseman, from Denver, American Association.

OAKLAND—Recalled Billy Beane, outfielder, from Tacoma, Pacific Coast League. Sent Felix Jose, outfielder, to Tacoma.

SEATTLE—Sent Jay Buhner, outfielder, to Calgary, Pacific Coast League on 20-day rehabilitation assignment.

National League

MONTREAL—Put Mike Aldrete, outfielder, on 15-day disabled list. Recalled Larry Walker, outfielder, from Indianapolis, American Association.

ST. LOUIS—Called up Todd Zeile, catcher, from Louisville, American Association. Optioned Jim Lindeman, outfielder-first baseman, to Louisville.

SAN FRANCISCO—Activated Rick Reuschel, pitcher, from 15-day disabled list.

FOOTBALL
National Football League

CHICAGO—Signed Donnell Woolford, defensive back.

KANSAS CITY—Released George Cooper, linebacker.

MINNESOTA—Signed Carl Hilton, tight end, and Gary Couch, wide receiver.

N.Y. GIANTS—Signed Brian Williams, offensive lineman, to four-year contract and Terry Kinard, safety, to three-year contract. Put Mike Hoston, linebacker, on injured reserve. Waived Jim Althoff, defensive tackle; Tony Simpson, running back; Greg Kunkel, offensive tackle; and Darron Calvert and Tony Peoples, wide receivers.

PHILADELPHIA—Signed Mike Miller, defensive end. Released John Zinser, offensive lineman.

PHOENIX—Signed Jay Novacek, tight end, and Joe Wolf, offensive lineman, to multi-year contracts. Waived Steve Gregory, defensive back.

PITTSBURGH—Waived Owen Bartuti, safety, and Chavez Paper, running back.

SEATTLE—Waived Tony Burse, fullback. Signed Derrick Britz, guard.

Canadian Football League

OTTAWA—Activated Willie Pears, defensive end.

TORONTO—Activated Kevin Woolfolk, linebacker, and Mike Campbell, offensive tackle.

WINNIPEG—Activated Tim Jessie, running back, and Lee Saltz, quarterback, from reserve list. Signed Buster Rhymes, wide receiver, and Stan Mikawos, defensive tackle.

HOCKEY
National Hockey League

BUFFALO—Signed Grant Ledyard, defenseman, to multiyear contract.

CHICAGO—Agreed to terms with Doug Wilson, defenseman, on three-year contract.

HARTFORD—Released Larry Pleau, former coach, from final year of contract.

N.Y. ISLANDERS—Signed Glenn Healy, goaltender, to multiyear contract.

British-Irish Team Has Big Lead in Walker Cup

Compiled by Our Staff From Dispatches

ATLANTA — A team of amateur golfers from Britain and Ireland have threatened to give Europe a clean sweep of the major international golf trophies, taking a surprising 7½-4½ lead in the first day of the biennial Walker Cup matches at the hot and humid Peachtree Golf Club.

The lead gained Wednesday was the largest a British-Irish Walker Cup team has held since 1965, when the Americans came back to tie at 11 on the second day of the two-day competition.

Should the British-Irish team earn only five points in the 12 one-point matches Thursday, it would take the Walker Cup back across the Atlantic Ocean to reside alongside the Curtis Cup and Ryder Cup.

The Curtis Cup, won by the British-Irish team last year, is the women's amateur counterpart of the Walker Cup. The Ryder Cup, to be contested next month, was won by the European professional golfers in 1985 and 1987.

Following a morning when it took a 2½-1½-point lead over the Americans in the four foursome matches, the British-Irish team won four of the eight afternoon singles matches, lost two and achieved a half in the other two.

The big surprise came when Stephen Dodd of Wales, the reigning British amateur champion, came from three down at the turn to halve Eric Meeks, the reigning U.S. amateur champion.

Peter McEvoy, a two-time British amateur champion, and Eoghan O'Connell of Ireland each won two matches.

McEvoy, left off the Walker Cup team two years ago, defeated local favorite Danny Yates in his singles match and teamed with O'Connell to beat Greg Lesher and Jay Sigel, 6 and 5, in the foursome competition.

O'Connell, who plays golf at Wake Forest, posted his singles victory over Ralph Howe, 5 and 4.

"It is psychologically very important to be out front, to be the leader at the end of the first day," McEvoy said.

The Americans could have easily trailed by a wider margin. But in the morning, the team of Phil Mickelson and Danny Yates won their 18th hole with a par 4 to halve the match against Dodd and Garth McGimpsey of Northern Ireland.

The American golfers were able to salvage a half-point from that match because McGimpsey, the 1985 British amateur champion, drove into trees at No. 18 and his pair could only get a bogey 5.

The British-Irish team has never won in the United States, although it gained a tie in 1965 at Baltimore. The last British-Irish triumph came at St. Andrews, Scotland, by a score of 13-11 in 1971. *(NYT, AP)*

■ Briton Leads PLM Open

Barry Lane of England shot 64 Thursday for a two-stroke lead over Martin Poxon of England and Mike Harwood of Australia after the first round of the PLM Open in Malmo Sweden, Agence France-Presse reported.

Of the better known players near the lead, Bernhard Langer of West Germany was at 68, with Ian Woosnam of Wales at 69.

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OBSERVER

Transplant Shopping

By Russell Baker

NEW YORK — The phone strike is about the high cost of medical care. The company wants workers to pay more of the bill. It believes this will make them think twice before buying the first thing some hospital or doctor tries to sell them.

Customers at present lack incentive to shop around if they are covered by an insurance scheme financed mostly by a corporation or government.

Here is what happens:

"It could be Monaghan's sesquiseptilia," says the doctor. "Or it could be just that old spore overload acting on the tutelary gland again."

"You recommend a spore count, Doctor?"

"I'm afraid we can't eliminate the possibility of Monaghan's sesquiseptilia without a LEM scan."

A LEM scan! That's even scarier than Monaghan's sesquiseptilia. The patient knows what a LEM scan is: a laserized epidermically metered X-ray. He heard about it from a friend who had had his terminal crudelia doloroso detected by a LEM scan, which was the newest thing in scans that year.

"Suppose the LEM scan is positive, Doctor?"

"In cases of Monaghan's sesquiseptilia we advise a serial organ transplant as soon as you can be extracted from the scanner. Would you want a private room at the hospital or a roll-away cot situated discreetly outside the morgue?"

"Whatever you think is best, Doctor, is O.K. with me, I guess."

□

Since the patient has already had to give a receptionist the number of his health-insurance policy, there isn't likely to be much talk about how much all this will cost.

How many customers ask the price of a LEM scan and the comparative rates on the private room versus the cot? How many say, "I'll get back to you, Doc, after I've shopped around to see what else is on the market"?

Too few, says the phone company, probably correctly. People aren't likely to bargain ferociously about medical costs when they're paying only a trifling share of the bill. Result: very little competition at the consumer level in the medical business. Further result: The price of health care in the United States goes up at the rate of 20 percent a year.

If the car business worked this way American highways would be jammed bumper-to-bumper with Rolls-Royces. When you don't have to worry about paying the bill, price is no restraint on treating yourself to the best.

The phone company's social engineers are dreaming, however, if they think Americans can be trained to shop around for medical care as exuberantly as they shop for good deals in automobiles.

Americans, for one thing, don't take automobiles as seriously as their health. A generation of intense advertising has created a national health neurosis.

□

Such a race of people is not likely to go comparison shopping through fluttering plastic whirligigs of the city's most repellent suburbs in search of the best deal in town on kidney transplants, hospital lodging bargains and colonoscopies.

Are they going to be willing to save a few bucks on the annual physical checkup by retaining "Honest Doc" Sawbones ("We'll beat any deal in town") instead of the full staff of Society of Suitable Surgeons Hospital?

To state the problem in these crass terms is to illustrate why it is so hard to make Americans shop the medical market. The car salesman, poor devil, is socially suspect. Probably a sharpster who will end up conning us, or such at least is the popular idea of him, though he may often have a noble soul and be a lover of humanity and a tireless church worker.

A doctor may just as easily be a fraud, a perjurer, a lecher, a swindler, a wife-beater; yet when we think "doctor" we think respectfully, even reverentially. To bargain about foul money with such a pillar of civilization is painful, not at all like the good sport of bargaining with car salesmen.

The doctor might be offended if money were mentioned!

And wouldn't he have a right to be? Indeed, would we not lose confidence in him if he failed to be offended? This, after all, is a person we rely upon to bless us with life eternal. He is surely too good to care about money.

Prognosis for medical costs: There are worse ways to die than penniless.

New York Times Service

When Writing Is a Precision Art

By Bob Sipchen
Los Angeles Times Service

LOS ANGELES — John McPhee faced the San Gabriel Mountains here, lifted a chunk of rock he had been examining and tossed it into a rusty sheet metal culvert. The rock bounded back in the direction from which it had came. McPhee smiled like a naughty boy at this disruption of the morning tranquillity.

Three years ago, McPhee, a staff writer for The New Yorker magazine, ranged along the foothills of the San Gabriels, talking to people who had heard a much bigger sound made by much bigger rocks going in the other direction. In his new book, "The Control of Nature," the sound of those boulders stampeding toward Los Angeles in a "debris flow" of water, silt, tree stumps rises up like the ominous bass line in a horror film.

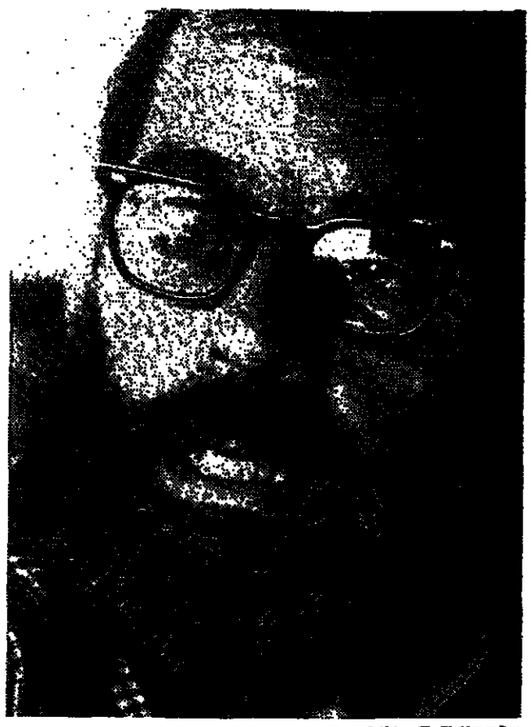
But McPhee didn't spend three weeks in Los Angeles in 1986 to spin a horror tale. Rather, he came as "a foreign correspondent," to cover the theme he examines in each of three sections of his new book: the battle between humanity and nature.

McPhee, 58, was born and grew up in Princeton, New Jersey, and graduated from the town's namesake university, where he now teaches a class titled — by the university, he stresses — "The Literature of Fact."

In 1965, McPhee did a profile on Bill Bradley, then a basketball star and now a U.S. senator from New Jersey, for The New Yorker magazine. His description of Bradley's elegant technique — "he has apparently never made a move merely to attract attention" — bears some resemblance to McPhee's own style. Soon afterwards, William Shawn, then editor of The New Yorker, gave McPhee a job.

Since then, McPhee has told the magazine's readers about such disparate subjects as oranges, nuclear physics, birch bark canoes and the Swiss Army. In many cases, the articles became books.

Occasionally, reviewers get fed up with McPhee. "It is admirable to deal with things in their full complexity," one sniffed, "but it is tedious to go into every detail."



Donald F Holway/The Washington Post

John McPhee: Crafting a story is an intricate, tortured process.

"John McPhee ought to be a bore," a Christian Science Monitor reviewer wrote. "With a bore's persistence he seizes a subject, shakes loose a cloud of more detail than we ever imagined we would care to hear on any subject, yet somehow he makes the whole procedure curiously fascinating."

"Somehow," of course, is not in McPhee's vocabulary. The how is often the best part. And how McPhee crafts a story is almost as intricate and tortured a process as how a mountain range sprouts.

With typical precision, McPhee traces what he does to several sources. His curiosity and enthusiasm for the outdoors stems from the summers he spent canoeing and exploring at Camp Keewaydin, where his father was camp physician.

His devotion to craft was triggered by Olive McKee, the English teacher at Princeton High School who required that he write three compositions a week, complete with an outline defending each composition's structure.

McPhee remains as intrigued with the construction of a piece of writing as he is with the construction of an elaborate dam and valve system on the Mississippi or the "perforated risers" in Southern California debris basins that suck the water out of debris flows to be used by the city below.

To research the articles on Los Angeles' debris basins, McPhee spent three weeks poring over information at the Los Angeles County Department of Public Works. He then toured the San Gabriel Mountains and the foothill communities with experts and people who have confronted "slugs" of debris that slither down from the steep canyons every now and then.

McPhee talks reluctantly about himself. When he talks about almost anything else or anyone else, he gestures energetically, as if to gently wring a bit more nuance from his own expended breath. People apparently see this enthusiasm and figure they have found the one person whose eyes won't glaze over at their own passion for the matter at hand. Usually they are right.

Once his research is completed, McPhee begins a construction process that is legend in nonfiction writing classes. Using a computer that a friend adapted to his method, McPhee transcribes his notes from the field and his periodic forays into Princeton's library. He then arranges the transcripts in computer files or binders. "I go through the notes over and over, and at some point I find what I think would be a good beginning," he said recently.

Continuing to pore over the transcripts, McPhee creates 3 by 5 cards, coded with themes. He then arranges the cards in an order that will carry the story best, puts them on a bulletin board, sticks a pin attached to "a tiny cloth tomato that says NJ" on it next to the first card, then begins the actual writing. That can take from three years for his best-selling "Coming Into the Country" to three days for a "Talk of the Town" piece in The New Yorker.

"The first rough draft I put down is really bad. I can't stand it," McPhee said. As a piece approaches completion, he pays particular attention to how it sounds. "I couldn't publish a sentence without reading it aloud first," he said.

Three of the six books McPhee has published since 1981 were on geology and geologists, and he projects a fourth book on the subject.

"Control of Nature" is about geology only in the most superficial sense, McPhee stressed. "I'm sensitive about that." The book, he said, touches on geology "in that it describes how debris flows from a young and rapidly disintegrating mountain range. But there it stops. I wanted to write about what people were doing about it. Not about geology."

PEOPLE

A Hemingway Cache

A cache of Ernest Hemingway memorabilia, including a carbon typescript of the autobiographical novel "Green Hills of Africa," which had been sitting in a closet for more than 50 years, has been acquired by David R. Meeker, a Sacramento, California, collector who stumbled on a fragment of the material two years ago and traced it to its source. Meeker said he paid in the "six figures" for the collection, which was begun by Richard and Jane Armstrong, friends of Hemingway. The earliest item is a 1934 telegram sent to Hemingway by his second wife, Pauline. The latest is a 1945 letter to the author from Jane Armstrong. The bulk of the material dates from 1941 and 1942.

□

President François Mitterrand has appointed the French architect Dominique Perrault, 36, to design "La Grande Bibliothèque," a huge new library project that will be constructed on the eastern outskirts of Paris on the banks of the River Seine, the Elysée Palace says.

□

The corporate raider Carl Icahn, the Reverend Jesse L. Jackson and Frederick Joseph, the head of the investment firm Drexel Burnham Lambert Inc., are getting together for a friendly takeover battle. The simulated drama about a hostile raid will take place Sept. 21-23 at a conference on management in the 1990s by the World Management Council in New York. Also scheduled to attend are the leveraged buyout specialist, Henry Kravis; former Federal Reserve Chairman Paul Volcker; the Italian industrialist Carlo de Benedetti; and Texas oilman and corporate raider T. Boone Pickens. In the mock takeover, Icahn will make a surprise hostile bid for a fictitious company headed by the former Arco Inc. Chairman Robert O. Anderson. Jackson is to be a board member.

□

Benito, the entry of the Drago quarter of Siena, Italy, won the traditional bareback Palio horserace on Wednesday after losing one of his shoes and his rider, Antonio Casula. At least 50,000 fans waited in the Piazza del Campo as the horses made three false starts. In one, Benito lost his shoe and had to get a new one. The race, which dates back to the 13th century, allows for victory with or without a rider. The neighborhood whose horse wins the race — three turns around the city's main square — takes possession of the Palio, a standard bearing the effigy of the Virgin Mary, and its residents begin several days of festivities.

□

Robert Redford, Dennis Weaver and Goldie Hawn have been invited to the first Environmental Film Festival, scheduled for April 27-29 in Colorado Springs, Colorado. Between 35 and 40 feature films, shorts and documentaries are expected to be shown at the festival, which will coincide with the 20th anniversary of Earth Day. The sponsors hope to encourage filmmakers to pursue environmental subjects in future films. Organizers also hope to attract environmental scientists, politicians and technical experts to discuss ecological issues.

□

Joanne Woodward says she regrets never becoming a superstar and at times has even resented husband Paul Newman because of his celebrity status. Despite great respect in her profession, Woodward told Lear's magazine, "I would have liked a bigger career. I would have liked to be a major star." Woodward says she took the traditional wifely role by having "one baby after another" and that she thought "there must be something wrong with me for wanting to be more than a wife and mistress" to Newman. "I felt an enormous rivalry with Paul, although I wouldn't admit it to myself," she says.

□

They came from as far away as Australia and the Netherlands to Graceland in Memphis, Tennessee, to remember Elvis Presley on the 12th anniversary of his death on Aug. 16, 1977. As many as 4,000 fans filed past Presley's grave late Tuesday and early Wednesday in a candlelight vigil.

□

The Rolling Stones are opening up Shea Stadium in New York to rock 'n' roll for the first time in six years. The Stones will bring their "Steel Wheels" tour to Shea on Oct. 26 and Oct. 28. Shea has been dark to rock since the Police played there in 1983 and Henry Stern, the New York City parks commissioner, said the Stones' visit would revive a Shea tradition that started with the Beatles' historic performances there 25 years ago.

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INTERNATIONAL REAL ESTATE MARKETPLACE
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